



**UNIVERSITY OF DELAWARE**

Consolidated Financial Statements and  
Information on Federal Awards

June 30, 2023

(With Independent Auditors' Reports Thereon)

# UNIVERSITY OF DELAWARE

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## Independent Auditors' Report

The Board of Trustees  
University of Delaware:

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of University of Delaware and its subsidiaries (the University), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

Philadelphia, Pennsylvania  
November 15, 2023

**UNIVERSITY OF DELAWARE**

Consolidated Balance Sheets

June 30, 2023 and 2022

(Dollars in thousands)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 50,431	72,875
Operating investments	250,501	262,353
Total cash, cash equivalents, and operating investments	300,932	335,228
Restricted deposits	61,429	81,167
Accounts and notes receivable, net	75,184	62,542
Prepaid expenses and inventories	1,963	1,677
Contributions receivable, net	17,887	24,302
Student loan receivables, net	3,751	5,519
Investments	1,992,007	1,974,257
Funds held in trust by others	80,629	78,982
Property, plant, and equipment, net	1,937,541	1,853,598
Operating lease right-of-use assets	14,129	11,967
Total assets	\$ 4,485,452	4,429,239
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 146,296	130,892
Deferred revenue and student deposits	60,636	76,746
Operating lease liabilities	14,358	12,019
Long-term debt and finance leases	671,172	684,503
Postemployment benefit obligations	447,680	474,677
Other liabilities	53,949	62,442
Total liabilities	1,394,091	1,441,279
Net assets:		
Without donor restrictions	1,591,093	1,549,409
With donor restrictions	1,500,268	1,438,551
Total net assets	3,091,361	2,987,960
Total liabilities and net assets	\$ 4,485,452	4,429,239

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF DELAWARE**  
Consolidated Statements of Activities  
Years ended June 30, 2023 and 2022  
(Dollars in thousands)

	<b>2023</b>	<b>2022</b>
Changes in net assets without donor restrictions:		
Operating revenues:		
Tuition and fees, net of scholarships and fellowships (\$212,314 in 2023 and \$193,958 in 2022)	\$ 438,162	424,322
Auxiliary services revenue	136,044	120,573
Grants, contracts, and other exchange transactions	283,115	301,468
State operating appropriations	134,016	129,358
Contributions	8,103	9,361
Endowment distributions	61,936	56,097
Investment income, net	26,216	15,714
Other revenue	61,360	50,961
Net assets released from restrictions for operations	18,003	17,080
Total operating revenues	1,166,955	1,124,934
Operating expenses:		
Salaries and wages	552,589	511,142
Benefits	187,656	175,581
Postemployment benefits	13,788	18,669
Total compensation	754,033	705,392
Supplies, materials and purchased services	284,557	248,472
Student aid	3,752	20,006
Travel	30,344	17,013
Depreciation, amortization and loss on disposals	93,344	90,589
Interest	23,895	29,104
Total operating expenses	1,189,925	1,110,576
Change in net assets from operating activities	(22,970)	14,358
Other changes in net assets without donor restrictions:		
Investment return net of endowment distributions	2,330	(67,431)
Contributions	11,695	802
Postemployment costs other than service costs	(24,406)	(21,672)
Other changes in postemployment benefit obligations	42,582	128,203
Other, net	7,585	14,419
Net assets released from restrictions for capital	24,868	26,879
Other changes in net assets without donor restrictions	64,654	81,200
Total changes in net assets without donor restrictions	41,684	95,558
Changes in net assets with donor restrictions:		
Investment return net of endowment distributions	19,775	(146,160)
Contributions	35,789	48,397
State capital appropriations	12,341	10,617
Other, net	36,683	8,282
Net assets released from restrictions	(42,871)	(43,959)
Total changes in net assets with donor restrictions	61,717	(122,823)
Total changes in net assets	103,401	(27,265)
Net assets at beginning of year	2,987,960	3,015,225
Net assets at end of year	\$ 3,091,361	2,987,960

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF DELAWARE**

Consolidated Statement of Functional Expenses

Year ended June 30, 2023

(Dollars in thousands)

	<b>Instruction and departmental research</b>	<b>Sponsored research</b>	<b>Extension and public service</b>	<b>Academic support</b>	<b>Student services</b>	<b>Student aid</b>	<b>Auxiliary enterprises</b>	<b>General institutional support</b>	<b>Total</b>
Operating expenses:									
Salaries and wages	\$ 278,443	90,086	31,828	50,200	21,644	3,718	9,562	67,108	552,589
Benefits	91,357	26,480	10,631	20,447	7,456	30	3,770	27,485	187,656
Postemployment benefits	8,931	1,353	573	1,052	333	—	166	1,380	13,788
Total compensation	378,731	117,919	43,032	71,699	29,433	3,748	13,498	95,973	754,033
Supplies, materials and purchased services	58,445	75,283	15,604	15,139	15,743	524	71,554	32,265	284,557
Student aid	—	—	—	—	—	3,752	—	—	3,752
Travel	20,090	4,600	1,374	1,346	1,448	25	171	1,290	30,344
Depreciation, amortization and loss on disposals	29,186	22,860	1,782	15,803	4,575	—	15,201	3,937	93,344
Interest	9,637	312	42	479	—	2	13,308	115	23,895
Total operating expenses	496,089	220,974	61,834	104,466	51,199	8,051	113,732	133,580	1,189,925
Other changes in net assets without donor restrictions:									
Postemployment costs other than service costs	16,375	2,238	947	1,739	551	—	274	2,282	24,406
Total functional expenses	\$ <u>512,464</u>	<u>223,212</u>	<u>62,781</u>	<u>106,205</u>	<u>51,750</u>	<u>8,051</u>	<u>114,006</u>	<u>135,862</u>	<u>1,214,331</u>

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF DELAWARE**

Consolidated Statement of Functional Expenses

Year ended June 30, 2022

(Dollars in thousands)

	<b>Instruction and departmental research</b>	<b>Sponsored research</b>	<b>Extension and public service</b>	<b>Academic support</b>	<b>Student services</b>	<b>Student aid</b>	<b>Auxiliary enterprises</b>	<b>General institutional support</b>	<b>Total</b>
Operating expenses:									
Salaries and wages	\$ 268,575	82,141	29,037	40,477	19,036	3,555	8,442	59,879	511,142
Benefits	90,224	23,947	10,189	16,459	6,701	17	2,988	25,056	175,581
Postemployment benefits	12,198	1,891	792	1,310	425	—	213	1,840	18,669
Total compensation	370,997	107,979	40,018	58,246	26,162	3,572	11,643	86,775	705,392
Supplies, materials and purchased services	52,968	69,736	13,578	12,091	12,709	674	60,363	26,353	248,472
Student aid	—	—	—	—	—	20,006	—	—	20,006
Travel	11,875	2,223	820	651	622	26	22	774	17,013
Depreciation, amortization and loss on disposals	27,679	16,380	1,219	13,050	3,029	—	25,184	4,048	90,589
Interest	12,036	689	—	—	—	—	16,379	—	29,104
Total operating expenses	475,555	197,007	55,635	84,038	42,522	24,278	113,591	117,950	1,110,576
Other changes in net assets without donor restrictions:									
Postemployment costs other than service costs	14,764	2,019	846	1,398	453	—	228	1,964	21,672
Total functional expenses	\$ <u>490,319</u>	<u>199,026</u>	<u>56,481</u>	<u>85,436</u>	<u>42,975</u>	<u>24,278</u>	<u>113,819</u>	<u>119,914</u>	<u>1,132,248</u>

See accompanying notes to consolidated financial statements.



**UNIVERSITY OF DELAWARE**  
Consolidated Statements of Cash Flows  
Years ended June 30, 2023 and 2022  
(Dollars in thousands)

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Changes in net assets	\$ 103,401	(27,265)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Change in postemployment benefit obligations and other nonoperating activities	(14,884)	(104,385)
Net realized and unrealized (gains) losses	(79,933)	156,899
Change in fair value of swap	(6,049)	(15,800)
Gifts of building and equipment	(2,106)	(637)
State capital appropriations	(12,341)	(10,617)
Contributions restricted for endowment and capital	(17,352)	(26,863)
Endowment income restricted for reinvestment	(382)	(348)
Depreciation, amortization and loss on disposals	92,739	89,545
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	(12,642)	(11,049)
Prepaid expenses and inventories	(286)	6,767
Contributions receivable, net	953	2,039
Accounts payable, accrued and other liabilities	14,997	(10,013)
Deferred revenue and student deposits	(16,110)	10,716
Postemployment benefit obligations	(8,820)	(935)
Operating leases, net	177	323
Net cash provided by operating activities	<u>41,362</u>	<u>58,377</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,378,890	1,800,590
Purchases of investments	(1,306,502)	(1,856,603)
Acquisitions of property and buildings	(133,044)	(41,076)
Acquisitions of equipment and library materials	(45,911)	(43,557)
Disbursements of loans to students	(360)	(295)
Repayments of loans by students	2,128	1,352
Net cash used in investing activities	<u>(104,799)</u>	<u>(139,589)</u>
Cash flows from financing activities:		
Repayments of principal on long-term debt and finance leases	(12,245)	(11,680)
State capital appropriations	12,341	10,617
Endowment income restricted for reinvestment	382	348
Contributions restricted for endowment and capital	22,814	35,248
Repayments to federal government for student loans	(2,037)	(1,056)
Change in restricted deposits	8,666	6,210
Net cash provided by financing activities	<u>29,921</u>	<u>39,687</u>
Net change in cash and cash equivalents	<u>(33,516)</u>	<u>(41,525)</u>
Cash, cash equivalents and restricted cash, beginning of year	<u>86,327</u>	<u>127,852</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 52,811</u>	<u>86,327</u>
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	\$ 28,964	30,525
Increase in construction – accounts payable	18,188	1,025
Right-of-use assets obtained in exchange for new operating lease liabilities	7,098	6,811

See accompanying notes to consolidated financial statements.

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### (1) Summary of Significant Accounting Policies

##### (a) Description of Operations

The University of Delaware (the University), a privately chartered university with public support, is a doctoral/research institution-extensive, land-grant, sea-grant, space-grant, and urban-grant institution. The University, with origins in 1743, was chartered by the State of Delaware (the State) in 1833. A Women's College was opened in 1914, and in 1945, the University became permanently coeducational. The main campus is located in Newark, Delaware, a suburban community situated midway between Philadelphia and Baltimore. Courses are also offered at other locations throughout the State, including Wilmington, Lewes, Dover, Milford, and Georgetown.

The University receives an annual operating and capital appropriation from the State of Delaware. The University also participates in certain benefit plans of the State (note 13).

The significant accounting principles and practices followed by the University are presented below to assist the reader in analyzing the consolidated financial statements and accompanying notes.

##### (b) Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the various academic and support divisions and other affiliated entities, including 1743 Holdings, LLC; Blue Hen Wind, Inc.; and Blue Hen Hotel, LLC, controlled by the University. 1743 Holdings, LLC was created as a wholly owned subsidiary of the University for the purpose of purchasing and managing a 272-acre site, which is contiguous to the University's 968-acre Newark campus. Blue Hen Wind, Inc. operates a wind turbine adjacent to the University's Hugh R. Sharp campus in Lewes. Blue Hen Hotel, LLC is a limited liability company originally formed on May 4, 2001. It was formed for the sole purpose of developing, managing, and operating a 125-room Courtyard Marriott Hotel adjacent to the Clayton Hall Conference Facility located in Newark, Delaware and owned by the University. All significant inter-entity activities and balances are eliminated for financial reporting purposes.

Accordingly, net assets of the University and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor imposed stipulations. Net assets without donor restrictions may be designated by the Board of Trustees for specific or general purposes.
- Net assets with donor restrictions – Net assets subject to donor imposed stipulations that may or will be met by actions of the University and/or the passage of time, and net assets subject to donor imposed stipulations that are maintained permanently by the University. Generally, the donors of these assets permit the University to use all of, or part of, the total investment return on related investments for general or specific purposes.

In addition to the three primary consolidated financial statements presented under U.S. GAAP for not-for-profit organizations, the consolidated statements of functional expenses present expenses by natural classification within functional categories. Functional categories are programmatic with the exception of general institutional support, which is management and general. Operation and maintenance of plant, depreciation and accretion expense, and disposals are allocated based on square footage. Postemployment and fringe benefit expenses are allocated based on salaries and

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

wages. Interest expense and amortization of bond premium are allocated to the functional classification that benefited from the use of the debt proceeds. Operation and maintenance of plant costs were approximately \$78,058,000 and \$67,573,000, and fund-raising costs were approximately \$19,584,000 and \$17,786,000 for the years ended June 30, 2023 and 2022, respectively.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions that reflect reclassifications from net assets with donor restrictions to net assets without donor restrictions. Releases from restrictions are presented as either operating or nonoperating. Nonoperating releases represent capital gifts for which the related assets were placed into service, and operating releases represent utilization of restricted gifts for program and operating purposes and related pledge payments.

#### **(c) Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid, interest-bearing deposits and short-term investments with maturities of three months or less at time of purchase, excluding amounts held for long-term investments.

The following table summarizes cash, cash equivalents, and restricted cash reported on the consolidated statements of cash flows as of June 30, 2023 and 2022 (in thousands):

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 50,431	72,875
Restricted deposits:		
Cash held in other restricted deposits	<u>2,380</u>	<u>13,452</u>
	<u>\$ 52,811</u>	<u>86,327</u>

#### **(d) Revenue Recognition – Contracts with Customers and Accounts Receivable**

Revenues from student education (tuition and fees) are reflected net of reductions from scholarships and fellowships, while residence, dining services, and student health services are not reflected net of financial aid. All of these revenues are recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Disbursements made directly to students for services or other costs are reported as expenses. Scholarships are funded from unrestricted resources as well as funds from donors, federal and state governments, and endowment income restricted for student financial assistance (see note 16).

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The University provides financial aid to eligible students, generally in an “aid package” that includes loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs the U.S. government direct loan program under which the University is only responsible for certain administrative duties. These direct loans are not reflected on the University’s consolidated financial statements as the loans are issued to the students.

Payments for student services are generally received prior to the commencement of each academic term and are reported as deferred revenue to the extent services will be rendered in the following fiscal year.

The composition of student tuition and fees, net revenue was as follows for the years ended June 30, 2023 and 2022 (in thousands):

	<b>2023</b>	<b>2022</b>
Undergraduate	\$ 342,597	335,063
Graduate	30,533	27,443
Other, primarily fees	65,032	61,816
Total	\$ 438,162	424,322

Auxiliary services revenue consisted of the following for the years ended June 30, 2023 and 2022 (in thousands):

	<b>2023</b>	<b>2022</b>
Student housing	\$ 64,391	59,654
Dining services	46,527	38,516
Student health services	14,659	14,326
Parking	7,644	6,519
Conference services	1,751	737
Other	1,072	821
Total	\$ 136,044	120,573

Other revenue includes revenues from service centers, program accounts, and other miscellaneous activities. Such revenues are recognized when goods or services are provided to customers.

Student receivables are invoiced based upon contractual terms with students. The University maintains allowances for doubtful accounts to reflect management’s best estimate of probable losses inherent in receivable balances. Management determines the allowances for doubtful accounts based on known troubled accounts, historical experience, and other currently available evidence.

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(e) Revenue Recognition – Contributions, Including Government Grants and Contracts**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give are recognized initially at fair value, giving consideration to anticipated future cash receipts and discounting such amounts at a risk adjusted rate. Amortization of the discount is included in contributions revenue. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Allowance is made, if necessary, for uncollectible contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenue in net assets without donor restrictions. Income and realized and unrealized net gains (losses) on investments of donor restricted endowment and similar funds are reported as follows:

- Changes in net assets with donor restrictions if the terms of the gift or the University's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund.
- Changes in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income or the income is not available to be used until appropriated by the University under state law.

State operating appropriations are provided by the State of Delaware to support the general operations of the University. Funds are to be spent in accordance with applicable laws and revenue is recognized ratably over the fiscal year as the funds are received and expended.

The University conducts sponsored program activity with various sponsors, including agencies and departments of the federal government, local government entities, and foundations. Such grants and contracts revenue (research and other programs) are recognized as the related qualifying expenses are incurred. Certain sponsors, however, provide funding in advance of related expenses, and such funding is recorded as deferred revenue of grant funds on the consolidated balance sheets. There is no assurance that sponsored awards will continue to be made at current levels.

State construction grants are provided by the State of Delaware to fund certain capital projects in support of the University's mission. This revenue is recognized as expenditures are incurred for construction and classified as with donor restrictions until the capital project is completed and placed in service, at such time the net assets are released from restrictions.

In response to the COVID-19 pandemic, the federal government passed the Coronavirus Aid, Relief, and Economic Stimulus Act of 2020 (CARES Act) and the American Rescue Plan Act of 2021 (ARPA) which made funds available to the University through various provisions of the legislation.

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The University was granted \$6,847,000 of institutional relief funds related to the Coronavirus Relief Fund through the State of Delaware during the year ended June 30, 2022. Including student emergency grants received through the Higher Education Emergency Relief Fund in prior fiscal years, total revenue of \$39,636,000 related to COVID-19 funding was recognized as grants, contracts, and other transactions in the consolidated statements of activities for the year ended June 30, 2022. There were no institutional relief funds received by the University for the year ended June 30, 2023.

The University was granted a \$41,000,000 capital grant related to the Coronavirus State and Local Fiscal Recovery Fund through the State of Delaware during the year ended June 30, 2022, of which \$6,069,000 was recognized as contribution revenue within other changes in net assets with donor restrictions in the consolidated statement of activities for the year then ended. The remaining \$34,931,000 was recognized as contribution revenue within other changes in net assets with donor restrictions in the consolidated statements of activities for the year ended June 30, 2023.

#### **(f) *Split-Interest Agreements and Interests in Trusts***

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts and charitable gift annuity agreements for which the University serves as trustee. Assets held under these arrangements are included in investments and are recorded at fair value. Contribution revenue is recognized at the date the trusts or agreements are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the terms of the trusts for changes in the values of the assets, accretion of the discounts, and other changes in estimates of future benefits.

The University is also the beneficiary of certain perpetual and remainder trusts held and administered by others. The fair values of the trusts are recognized as assets and contribution revenue at the dates the trusts are established. The assets held in these trusts are included in funds held in trust by others and are adjusted for changes in the fair value of the trust assets.

#### **(g) *Investments***

Investments are stated at fair value or net asset value, which is a practical expedient for fair value, as described in notes 5 and 6. Investment income, including dividend and interest, is recognized when earned.

Investments measured at net asset value, include the University's interests in limited partnerships and limited liability companies (LLCs) and are reported by investment managers unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2023 and 2022, the University had no plans or intentions to sell investments at amounts different from net asset value. The net asset values are reported by the general partners or fund managers and are reviewed and evaluated by the University. These net asset values may differ from the values that would have been used had a ready market existed for these investments and the differences could be significant.

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(h) Property, Plant, and Equipment**

Property, plant, and equipment is stated at cost, if purchased, or at estimated fair value at the date of gift, if donated, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, if shorter. Land, including land deeded by the Board of Trustees of Delaware College to the State in the early 1900s and thereafter, used by the University is not depreciated. Costs of major renovations to buildings are capitalized. Costs of equipment in excess of \$5,000 with a useful life expectancy of two years or more are also capitalized. Repairs and maintenance costs are expensed as incurred. Costs relating to retirement, disposal, or abandonment of assets where the University had a legal obligation to perform activities are accrued using site-specific information.

Interest on borrowings is capitalized from the date of the borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use or the borrowing is retired, whichever occurs first. Capitalized interest is amortized over the useful life of the qualifying asset.

#### **(i) Nonoperating Activities**

Nonoperating activities include investment return, net of endowment distributions for operations; contributions for endowment and plant purposes; State capital appropriations; the operations of subsidiaries ancillary to the University's mission; postemployment costs other than service costs; changes in postemployment benefit obligations and asset retirement obligations and interest rate swaps; and nonrecurring or unusual transactions. Nonoperating activities are presented in the consolidated statement of activities in the "other changes in net assets without donor restrictions" and "changes in net assets with donor restrictions."

#### **(j) Income Taxes**

The University is exempt from federal income tax under Section 501(a) as an organization described in Section 501(c)(3) and is further classified as a public charity as described in Sections 170(b)(1)(A)(ii) of the Internal Revenue Code (Code). 1743 Holdings, LLC, Blue Hen Hotel, LLC and UD Health LLC are Delaware single member LLCs with the University as a sole member and treated as disregarded entities for tax purposes. Blue Hen Wind, Inc. is a for-profit corporation wholly owned by the University, therefore it reports income and expenses separately from the University for tax purposes.

The University is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The University follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

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The tax years ending June 30, 2023, 2022, 2021, and 2020 are still open to audit for both federal and state purposes. The University has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements as of June 30, 2023 and 2022.

**(k) Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**(l) Refundable Advances from the U.S. Government**

Student loan programs provided by the U.S. government under the Federal Nursing Student Loan program are loaned to qualified students, administered by the University, and are required to be reloaned after collections. These funds, which are ultimately refundable to the government and are included in other liabilities, aggregated \$5,063,000 and \$7,153,000 as of June 30, 2023 and 2022, respectively.

**(m) Derivative Financial Instruments**

The University uses interest rate swap agreements to manage interest rate risk associated with certain variable-rate debt or to adjust its debt structure. Derivative financial instruments are measured at fair value and recognized in the consolidated balance sheets as other liabilities, with changes in fair value recognized within other, net of the other changes in net assets without donor restrictions in the consolidated statements of activities.

**(2) Liquidity**

The following table reflects the University's financial assets as of June 30, 2023 and 2022, available for general expenditures within one year (in thousands):

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 50,431	72,875
Operating investments	250,501	262,353
	300,932	335,228
Accounts and notes receivable collectible within one year	75,184	62,542
Operating funds invested in pooled portfolio	223,848	237,106
Estimated endowment spending payout – 2024 and 2023	65,930	61,755
	665,894	696,631
Financial assets available to meet cash needs for general expenditures within one year	\$ 665,894	696,631



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The University manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. In addition, the University invests cash in excess of daily requirements in short term investments or fixed income securities. To help manage unanticipated liquidity needs, the University has a committed line of credit in the amount of \$100,000,000, which it could draw upon until maturity in February 2024. Additionally, as of June 30, 2023 and 2022, the University had board designated endowments and other investments of \$440,629,000 and \$435,126,000. Although the University does not intend to spend from these investments, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, they could be made available, if necessary, subject to liquidity of the underlying investments.

**(3) Contributions Receivable**

Contributions receivable as of June 30, 2023 and 2022 are summarized as follows (in thousands):

	<b>2023</b>	<b>2022</b>
Amounts due in:		
Less than one year	\$ 5,744	12,414
One to five years	12,158	11,321
Over five years	2,555	3,170
	20,457	26,905
Less:		
Allowance for uncollectible pledges	(784)	(791)
Unamortized discounts	(1,786)	(1,812)
	<b>\$ 17,887</b>	<b>24,302</b>

Contributions to be received after one year are discounted at rates ranging from 1.1% to 5.2%.

**(4) Restricted Deposits**

Restricted deposits as of June 30, 2023 and 2022 consisted of the following (in thousands):

	<b>2023</b>	<b>2022</b>
Unexpended bond proceeds	\$ 48,804	56,586
Debt service reserve funds	10,092	10,977
Other deposits	2,533	13,604
	<b>\$ 61,429</b>	<b>81,167</b>

The unexpended bond proceeds represent the amount of unspent 2018 general obligation bond proceeds that are held internally by the University, to be used in certain capital projects. The unexpended bond proceeds are generally invested in short-term U.S. government or commercial securities with maturities that support the anticipated cash flow of the underlying construction projects.

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Debt service reserve funds are held with a trustee. The University transfers funds to the trustee in accordance with bond covenant agreements to meet future bond payments. These funds remain on deposit until scheduled interest payments and scheduled or optional redemption principal payments are made, as disclosed in note 11. These funds are generally invested in cash equivalents, but not considered restricted cash equivalents for purposes of the statements of cash flows.

**(5) Investments**

The fair value by investment class as of June 30, 2023 and 2022 consist of the following (in thousands):

	<b>2023</b>	<b>2022</b>
Money market and other liquid funds	\$ 35,263	35,264
U.S. government obligations	201,380	377,898
Corporate obligations	230,836	237,072
Stock and convertible securities	272,831	241,324
International equity investments	1,722	1,933
Limited partnerships and limited liability corporations (LLCs)	1,491,641	1,337,219
Other	8,835	5,900
Total	\$ 2,242,508	2,236,610
	<b>2023</b>	<b>2022</b>
Operating investments	\$ 250,501	262,353
Investments	1,992,007	1,974,257
	\$ 2,242,508	2,236,610

Included in the investments table above is \$5,510,000 and \$6,130,000 of annuity and life-income funds at June 30, 2023 and 2022, respectively (see note 7).

The asset allocation of the University's investments involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, sovereign, and credit risks. The University anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

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*Net Asset Value*

The following table presents the attributes of the University's alternative investments as of June 30, 2023 and 2022, which are stated at net asset value as a practical expedient for fair value, as reported by the funds (in thousands):

	<u>2023</u>	<u>2022</u>	<u>Estimated remaining lives (years)</u>	<u>As of June 30, 2023 unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice frequency</u>
Limited partnerships and LLCs:						
International equity funds	\$ 262,443	232,801	—	\$ —	Monthly	10 Days
Domestic equity fund	50,000	—	—	—	Monthly	10 Days
U.S. corporate debt funds	42,586	23,400	—	—	Monthly	10 Days
Long-short hedge funds	294,317	253,324	—	—	Annually	90 Days
Multistrategy hedge funds	215	261	—	—	Annually	100 Days
Private equity	434,175	403,280	1-12	171,083	Not eligible	N/A
Venture capital	232,984	229,341	1-13	104,214	Not eligible	N/A
Real estate	81,670	68,218	1-13	102,591	Not eligible	N/A
Oil and gas	37,413	37,559	4-9	10,155	Not eligible	N/A
Distressed securities	26,700	50,464	1-3	6,892	Not eligible	N/A
Natural resources	25,281	32,840	1-9	1,086	Not eligible	N/A
Hybrid fund of funds	3,857	5,731	1-3	4,635	Not eligible	N/A
	<u>\$ 1,491,641</u>	<u>1,337,219</u>		<u>\$ 400,656</u>		

Subsequent to June 30, 2023, the University executed additional commitments of \$45,000,000.

**(a) U.S. Corporate Debt Funds**

This category includes investments in commingled funds that invest primarily in public debt and equity securities.

**(b) International Equity Funds**

This category includes investments in commingled funds that invest primarily in international equity securities.

**(c) Domestic Equity Fund**

This category includes investments in commingled funds that invest primarily in domestic equity securities.

**(d) Multistrategy Hedge Funds**

This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds that make up these funds invest in a variety of marketable securities, including stocks, bonds, credit-oriented securities, and arbitrage investments. The managers have the ability to shift investments between strategies and between net long and net short positions.

**(e) Long-Short Hedge Funds**

This category includes commingled funds that invest, both long and short, in a variety of instruments, including U.S. stocks, international stocks, fixed-income securities, currencies, and derivative

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transactions. The funds can be further broken down into the following categories: equity long/short, event-driven, credit, macro, and multistrategy funds. These investments are subject to risks, including market risk, manager risk, and liquidity risk. The goal of these investments is to provide returns that exhibit lower correlations and lower volatility than the public equity markets.

All of the following University limited partnerships and LLCs, paragraphs (f), (g), and (h), receive distributions through the liquidation of the underlying assets of the funds. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

The University is obligated, under certain limited partnership agreements, to make additional capital contributions up to contractual levels (unfunded commitments). The timing and amounts of the contributions will be determined by the general partner of the respective limited partnership.

**(f) Private Equity, Venture Capital, Hybrid Fund of Funds, and Distressed Securities**

These categories include illiquid investments in buyout, mezzanine, venture capital, growth equity, and distressed debt held in commingled limited partnership funds.

**(g) Real Estate**

This category includes illiquid investments in residential and commercial real estate assets, projects, or land held in commingled limited partnership funds.

**(h) Natural Resources and Oil and Gas**

These categories include illiquid assets in timber, oil and gas production, mining, energy, and related businesses held in commingled limited partnership funds.

**(i) Investment Return**

Investment return for fiscal years ended June 30, 2023 and 2022 was as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Dividend and interest income	\$ 35,368	22,905
Net realized and unrealized gains (losses)	79,933	(156,899)
External investment management fees and expenses	<u>(4,687)</u>	<u>(7,428)</u>
Investment return, net	<u>\$ 110,614</u>	<u>(141,422)</u>

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Investment return is presented for fiscal years ended June 30, 2023 and 2022 as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Without donor restrictions:	\$	
Other investment income	26,216	15,714
Endowment distributions	61,936	56,097
Investment return net of endowment distributions	<u>2,330</u>	<u>(67,431)</u>
	<u>90,482</u>	<u>4,380</u>
With donor restrictions:		
Investment return net of endowment distributions	19,775	(146,160)
Other, net	<u>357</u>	<u>358</u>
	<u>20,132</u>	<u>(145,802)</u>
Investment return, net	<u>\$ 110,614</u>	<u>(141,422)</u>

**(6) Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market in an orderly transaction between participants at the measurement date and establishes a framework for measuring fair value.

The three levels of the fair value hierarchy are defined as follows:

Level 1: Quoted or published prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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The University measures its restricted deposits, investments, liabilities related to annuity and life-income funds, and interest rate swaps using the valuation methodologies described below:

#### **(a) Investments and Restricted Deposits**

Investments and restricted deposits are recorded at fair value. Additional considerations used to categorize investments include:

Money market and other liquid funds, certain U.S. government obligations, stock and convertible securities, and international investments held directly by the University are classified as Level 1 since quoted prices in active markets are available. Corporate obligations and certain U.S. government obligations are classified as Level 2 as they are not traded in an active market but are valued using third-party vendor pricing services by custodian banks, for similar securities. Certain stock and convertible securities and international investments are classified as Level 2 because the underlying investments are held in annuity and life-income funds (see paragraph (b) below.)

Other investment classes classified as Level 2 consist primarily of municipal obligations held in commingled funds, while those classified as Level 3 consist primarily of collateralized mortgage obligations and restricted real estate.

#### **(b) Annuity and Life-Income Funds**

The annuity and life-income funds' assets represent the fair value of assets held in irrevocable charitable remainder trusts and charitable gift annuity agreements. These assets consist primarily of corporate obligations, stock and convertible securities, and international investments and have been classified as Level 2 using the same methodology described above for similar types of underlying assets.

The annuity and life-income funds payable represents the present value of future annuity payments due under these agreements, as calculated for each annuity using discount rates and actuarial assumptions consistent with American Council of Gift Annuities standards. These liabilities have been classified as Level 3 as the fair value is determined based upon a discounted cash flow methodology, which required judgment and estimation.

#### **(c) Funds Held in Trust by Others**

Funds held in trust by others represent amounts held by third parties where the University receives an income stream in perpetuity, but the assets are required to be held by a trustee. The University does not own the underlying assets, but rather has a beneficial interest in the trust. These trusts are invested in a combination of readily marketable assets, limited partnerships, and land and have been classified as Level 3 since the University maintains an interest in the trust not the underlying investments.

#### **(d) Debt Interest Rate Swap Agreements**

The fair value of the University's interest rate swaps is based on a third-party valuation independent of the counterparty using observable market data. The University considers this a Level 2 measurement.

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The following tables present the University's fair value hierarchy for financial instruments that are measured at fair value on a recurring basis, as shown on the June 30, 2023 and 2022 consolidated balance sheets (in thousands):

	<b>June 30, 2023</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets:				
Investments:				
Money market and other liquid funds	\$ 35,263	34,930	333	—
U.S. government obligations:				
Mortgage-backed securities	46,027	—	46,027	—
Treasury obligations	153,257	153,101	156	—
Other	2,096	543	1,553	—
	<u>201,380</u>	<u>153,644</u>	<u>47,736</u>	<u>—</u>
Corporate obligations	230,836	346	230,490	—
Stock and convertible securities	272,831	270,805	2,026	—
International investments	1,722	72	1,650	—
Other	8,835	2,793	—	6,042
Limited partnerships and LLCs <sup>(1)</sup>	1,491,641	—	—	—
Total investments	<u>2,242,508</u>	<u>462,590</u>	<u>282,235</u>	<u>6,042</u>
Restricted deposits	61,429	61,429	—	—
Funds held in trust by others	80,629	—	—	80,629
Total	<u>\$ 2,384,566</u>	<u>524,019</u>	<u>282,235</u>	<u>86,671</u>
Financial liabilities, included in the other liabilities:				
Annuity and life income funds payable	\$ 3,302	—	—	3,302
Interest rate swaps	5,840	—	5,840	—
Total	<u>\$ 9,142</u>	<u>—</u>	<u>5,840</u>	<u>3,302</u>

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	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Money market and other liquid funds	\$ 35,264	35,138	126	—
U.S. government obligations:				
Mortgage-backed securities	41,797	—	41,797	—
Treasury obligations	334,261	334,101	160	—
Other	1,840	817	1,023	—
	377,898	334,918	42,980	—
Corporate obligations	237,072	342	236,730	—
Stock and convertible securities	241,324	239,018	2,306	—
International investments	1,933	60	1,873	—
Other	5,900	1,571	—	4,329
Limited partnerships and LLCs <sup>(1)</sup>	1,337,219	—	—	—
Total investments	2,236,610	611,047	284,015	4,329
Restricted deposits	81,167	81,167	—	—
Funds held in trust by others	78,982	—	—	78,982
Total	\$ 2,396,759	692,214	284,015	83,311
Financial liabilities, included in the other liabilities:				
Annuity and life income funds payable	\$ 4,014	—	—	4,014
Interest rate swaps	11,889	—	11,889	—
Total	\$ 15,903	—	11,889	4,014

<sup>(1)</sup> Investments in limited partnerships and LLCs that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

During the years ended June 30, 2023 and 2022, \$688,000 and \$0 were transferred out of Level 3 investments, respectively. The University's interest in funds held in trust by others changed in 2023 and 2022 primarily due to underlying investment losses.



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**(7) Annuity and Life-Income Funds**

The University held \$5,510,000 and \$6,130,000 in investments related to annuity and life income funds as of June 30, 2023 and 2022, respectively. A related liability of \$3,302,000 and \$4,014,000 as of June 30, 2023 and 2022, respectively, represents the present value of future annuity payments due under these agreements and was calculated for each annuity using discount rates and actuarial assumptions consistent with the terms of the gift. Such liabilities are included in other liabilities in the consolidated balance sheets.

The University complies with all applicable laws of certain states to maintain reserves against charitable gift annuities.

**(8) Property, Plant, and Equipment**

Property, plant, and equipment as of June 30, 2023 and 2022 consisted of the following (in thousands):

	<b>2023</b>	<b>2022</b>	<b>Range of useful lives (years)</b>
Land	\$ 58,942	58,942	N/A
Land improvements	92,157	92,149	15
Buildings	2,324,878	2,267,269	40
Equipment and furnishings	398,351	380,920	2–20
Library	321,246	309,111	10
Finance leasehold	85,853	85,853	29–40
Collections and works of art	14,241	9,101	N/A
Construction in progress	135,755	60,329	N/A
	3,431,423	3,263,674	
Less accumulated depreciation	(1,493,882)	(1,410,076)	
	\$ 1,937,541	1,853,598	

As of June 30, 2023, the University had outstanding contractual commitments of \$170,190,000 for building and renovation projects. Interest costs associated with various construction projects of \$4,981,287 and \$1,365,683 were capitalized at June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, right-of-use assets from finance leases of \$85,853,000 are included in finance leasehold and have corresponding accumulated depreciation of \$18,703,000 and \$15,823,000, respectively. Lease liabilities from finance leases are included in long-term debt and finance leases on the consolidated balance sheets.

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#### (9) Asset Retirement Obligations

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities. When an asset retirement obligation is identified, the University records the fair value of the obligation as a liability. The liability is accreted to its present value and accretion expense is recognized. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the period of expected remediation.

The University had asset retirement obligations of \$22,858,000 and \$22,317,000 as of June 30, 2023 and 2022, respectively, which is included in other liabilities on the accompanying consolidated balance sheets. The following table reconciles the obligation as of June 30, 2023 and 2022 (in thousands):

	2023	2022
Balance at beginning of year	\$ 22,317	21,847
Additional obligations incurred	—	433
Obligations settled in current period	(207)	(451)
Changes in estimates, including timing	86	(163)
Accretion expense	662	651
Balance at end of year	\$ 22,858	22,317

#### (10) Leases

The University is the lessee of space under both operating and finance lease agreements. Lease right-of-use assets represent the University's right to use the underlying asset for the lease term. Lease liabilities represent the University's obligation to make lease payments arising from the lease. Leases with terms over twelve months are measured, classified, and recognized at lease commencement. Measurement is based on the present value of future minimum lease payments over the lease term, discounted at an appropriate incremental borrowing rate, which is based on the information available at the commencement date in determining the present value of lease payments. The present value of an option to extend or terminate a lease is included at commencement when it is reasonably certain to be exercised.

Lease expense for lease payments is recognized on a straight-line basis over the term of the lease. Amortization expense and interest expense is recognized as a component of lease payments for finance leases. The following table summarizes the components of lease expense for the years ended June 30, 2023 and 2022 (in thousands):

	2023	2022
Lease expense:		
Amortization of right-of-use assets	\$ 2,880	2,880
Interest on lease liabilities	2,359	2,413
Operating lease expense	5,158	4,791
Total lease expense	\$ 10,397	10,084

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The following table contains the maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating and finance lease liabilities as of June 30, 2023 (in thousands):

<u>Year</u>	<u>Operating</u>	<u>Finance</u>
2024	\$ 5,834	3,731
2025	3,412	3,734
2026	2,727	3,734
2027	1,287	3,734
2028	363	3,734
Thereafter	<u>830</u>	<u>68,521</u>
Total lease payments	14,453	87,188
Less imputed interest	<u>95</u>	<u>31,592</u>
Present value of lease liabilities	<u>\$ 14,358</u>	<u>55,596</u>

The weighted-average remaining lease term and discount rate for operating and finance leases as of June 30, 2023 are as follows:

	<u>Operating</u>	<u>Finance</u>
Weighted average remaining lease term	3.5 Years	22.9 Years
Weighted average discount rate	0.43 %	4.19 %

The weighted-average remaining lease term and discount rate for operating and finance leases as of June 30, 2022 are as follows:

	<u>Operating</u>	<u>Finance</u>
Weighted average remaining lease term	3.25 Years	23.8 Years
Weighted average discount rate	0.57 %	4.19 %

The University leases as lessor rental properties to customers classified as operating leases. There are no sales-type or direct financing leases. Property owned by the University and leased to third parties remains in Property, plant, and equipment on the consolidated balance sheet. Revenue is recognized to the extent that amounts are determined to be collectible. The University recognized sublease income of \$670,000 and \$368,000 in Other revenue during the years ended June 30, 2023 and 2022, respectively.

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The following table contains the maturity analysis of the approximate future minimum rental revenue under operating leases that have initial or remaining noncancelable lease terms for the years ended June 30 (in thousands):

2024	\$	1,450
2025		1,399
2026		1,341
2027		453
2028		461
Thereafter		<u>55,175</u>
	\$	<u><u>60,279</u></u>

**(11) Long-Term Debt and Finance Leases**

Indebtedness at June 30, 2023 and 2022 consisted of the following (in thousands):

	<u>Fiscal year of maturity</u>	<u>Interest rate(s)%</u>	<u>Outstanding principal</u>	
			<u>2023</u>	<u>2022</u>
Variable-rate debt:				
Series 2004B	2035	3.65 %	\$ 29,305	29,305
Series 2005	2036	4.27	28,690	28,690
Series 2013C	2038	4.13	<u>53,335</u>	<u>53,335</u>
Variable-rate debt			<u>111,330</u>	<u>111,330</u>
Fixed-rate bonds:				
Series 2010A taxable Build America Bonds (BABs)	2041	3.93	119,580	119,580
Series 2013B taxable	2027	1.12–3.00	3,185	3,930
	2034	3.83	6,770	6,770
	2044	3.98	13,555	13,555
Series 2018 taxable	2051	4.07	76,770	76,770
	2059	4.22	123,230	123,230
Series 2019	2043	5.00	82,620	91,780
Series 2019A	2046	5.00	<u>44,575</u>	<u>45,580</u>
Fixed-rate debt			470,285	481,195
Finance leases (note 10)	2043–2049	4.11–4.25	<u>55,596</u>	<u>56,930</u>
			637,211	649,455
Premium on long-term debt, net of debt issue costs of \$2.6 million (2023) and \$2.7 million (2022)			<u>33,961</u>	<u>35,048</u>
Long-term debt and finance leases			<u>\$ 671,172</u>	<u>684,503</u>

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

With the exception of the Series 2018 taxable, 2019, and 2019A bonds, the bonds in the preceding table were primarily issued to finance capital projects associated with auxiliary services and are secured by a pledge of gross revenue received by the University from the operations of all project facilities including housing, dining, parking, and other revenue producing facilities and mandatory student fees. The Series 2018 taxable, 2019, and 2019A bonds are unsecured general obligations of the University. All variable rate debt referenced are subject to fixed rate interest rate swap agreements and the corresponding interest rates for each issue include the swap rate, credit costs, and remarketing fee.

The Series 2004B and 2005 bonds initially bear interest at a daily rate and can be converted to bear interest at a weekly, flexible, term, or fixed rate to maturity. The daily rate of interest on June 30, 2023 was 3.62% and 3.60% for the Series 2004B and 2005 bonds, respectively.

The Series 2010A Taxable Revenue Bonds are Build America Bonds and the University receives payments from the U.S. Treasury equal to 33.0% of the corresponding interest payable on the bonds (the Subsidy Payments). For the years ended June 30, 2023 and 2022, respectively, the University recognized subsidy payments of \$2,320,000 and 2,322,000, which are included as other revenue for the year ended June 30, 2023. The bonds are subject to mandatory redemption from November 1, 2028 through November 1, 2040 but are subject to optional redemption and tender for purchase prior to maturity.

The 2013C bonds were converted from a term rate to bear interest at a daily rate on May 1, 2016. The bonds can be converted to bear interest at a weekly, flexible, term, or fixed rate to maturity. The daily rate of interest on June 30, 2023 was 3.60%.

On April 12, 2018, the University issued its Taxable Bonds, Series 2018. The bonds are unsecured general obligations of the University. The bonds are subject to mandatory redemption from November 1, 2041 through November 1, 2058.

On June 20, 2019, the University issued its Tax-Exempt Bonds, Series 2019. The bonds are unsecured general obligations of the University. The bonds consist of serial bonds maturing from November 1, 2019 through November 1, 2043. The bonds maturing from November 1, 2029 through November 1, 2043 are subject to optional redemption.

On October 9, 2019, the University issued its Tax-Exempt Bonds, Series 2019A. The bonds are unsecured general obligations of the University. The bonds consist of serial bonds maturing from November 1, 2019 through November 1, 2045. The bonds maturing from November 1, 2030 through November 1, 2045 are subject to optional redemption.

The University's debt agreements require that the University meet certain financial and other covenants. The University was in compliance with these covenants as of June 30, 2023.

**UNIVERSITY OF DELAWARE**  
Notes to Consolidated Financial Statements  
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The aggregate amount of principal payments on the University's long-term debt and finance leases are due as follows (in thousands):

2024	\$	12,894
2025		11,644
2026		12,207
2027		12,818
2028		11,747
Thereafter		575,901
	\$	637,211

The University has Standby Bond Purchase Agreements (SBPA) for the Series 2004B, 2005, and 2013C variable rate demand bonds to provide liquidity for the purchase of the bonds should the remarketing agent be unable to sell the bonds on the open market. The SBPAs provide for the banks to purchase any outstanding bonds not remarketed for a period of up to 90 days at variable interest rates, as defined in the SBPAs. The SBPAs for the Series 2004B, 2005, and 2013C bonds expire on April 5, 2024, May 31, 2024, and April 30, 2027, respectively.

**(12) Interest Rate Swap Agreements**

The University has interest rate swap agreements for notional amounts of approximately \$118,520,000 and \$127,405,000 as of June 30, 2023 and 2022 (in thousands):

	Consolidated balance sheets location	Consolidated statement of activities change in fair value	Fair value		Change in fair value	
			2023	2022	2023	2022
Interest rate swap agreements	Other liabilities	Other, net – without donor restrictions	\$ 5,840	11,889	6,049	15,800

A portion of the total interest rate swap liabilities reported on the consolidated balance sheets contains provisions that require the University's debt and the counterparty to maintain an investment grade credit rating from one or both of the major credit rating agencies. A downgrade of the University or the counterparty's rating may require that party to provide collateralization above a predetermined threshold on all rate swaps in net liability positions. To date, the University has not posted collateral.

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

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**(13) Employee Benefit Plans**

**(a) University Pension Plans – Defined Contribution**

The University's 403(b) Retirement Savings Plan is available to substantially all faculty and professional employees. The University's contribution for this program is fixed at 11% of annual base salary for eligible employees who contribute a minimum of 5% of their annual salary. The policy of the University is to pay its share of the cost accrued in connection with the University's Retirement Savings Plan. As a result, there are no unfunded benefits. Pension plan expense for the University's 403(b) Retirement Savings Plan was \$38,659,000 in 2023 and \$36,455,000 in 2022.

In addition, the University also offers two additional voluntary retirement benefit plans:

The Voluntary 403(b) Retirement Plan is available to all eligible full-time and part-time employees who wish to make additional contributions to their retirement savings. Participation is voluntary and does not require a minimum contribution. The University makes no contributions to this plan, incurs no expense for the operation of this plan, and has no unfunded liability.

The Voluntary 457(b) Deferred Compensation Plan is available to all eligible full-time and part-time employees who are already making the maximum allowable contribution to the Voluntary 403(b) Retirement Plan and wish to make additional contributions to their retirement savings. The University makes no contributions to this plan, incurs no expense for the operation of this plan, and has no unfunded liability.

**(b) Faculty Retirement**

Faculty members subject to the current collective bargaining agreement (CBA) that expires on June 30, 2023, who qualify for retirement can elect certain additional benefits upon notice of their retirement from the University. These benefits may include a combination of retirement leave or phased retirement, and a lump-sum payment based upon years of service and salary level. Faculty retirement benefits are funded by the University on a pay-as-you-go basis.

Net periodic postemployment benefit cost for 2023 and 2022 includes the following components (in thousands):

	<b>2023</b>	<b>2022</b>
Operating expenses:		
Service cost	\$ 3,560	4,331
Nonoperating costs:		
Interest cost	2,971	1,258
Amortization of prior service cost and losses	4,523	5,108
	7,494	6,366
Net periodic postemployment benefit cost	\$ 11,054	10,697

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Benefits paid to participants were \$11,801,000 and \$9,344,000 for the years ended June 30, 2023 and 2022, respectively. The University's estimated unfunded obligation related to this plan is \$69,598,000 and \$75,923,000, respectively, and is included in postemployment benefit obligations on the consolidated balance sheets as of June 30, 2023 and 2022.

The accumulated benefit obligation was \$49,838,000 and \$57,305,000 as of June 30, 2023 and 2022, respectively. The benefit obligation was determined using a discount rate of 5.21% as of June 30, 2023 and 4.68% as of June 30, 2022, and a rate of compensation increase of 5.00% in year 1 and 3.00% thereafter. The net periodic benefit cost was determined using a discount rate of 4.68% as of June 30, 2023 and 2.61% as of June 30, 2022. As of June 30, 2023, the University's expected future benefit payments for fiscal years 2024 through 2028 are \$12,385,000, \$29,037,000, \$2,329,000, \$2,484,000 and \$2,913,000, respectively, and \$17,984,000 thereafter. In fiscal year 2023, the discount rate used to calculate the actuarial determined obligation increased from 4.68% to 5.21%, causing a reduction in the obligation of approximately \$2,100,000 for the year then ended.

**(c) Postemployment**

The University also provides postemployment benefits primarily for medical insurance to retired employees who are not eligible under the State Plan, as described below. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and the accumulated postemployment benefit obligation) of its postemployment benefit plan on the consolidated balance sheets. Also, the University measures the fair value of plan assets and benefit obligations as of the date of the June 30<sup>th</sup> consolidated balance sheets. As of June 30, 2023, the University has not funded these benefits.

Net periodic postemployment benefit cost for 2023 and 2022 includes the following components (in thousands):

	<b>2023</b>	<b>2022</b>
Operating expenses:		
Service cost	\$ 10,228	14,338
Nonoperating costs:		
Interest cost	17,828	13,293
Amortization of prior service cost (gains) and losses	(916)	2,013
	16,912	15,306
Net periodic postemployment benefit cost	\$ 27,140	29,644



**UNIVERSITY OF DELAWARE**  
Notes to Consolidated Financial Statements  
June 30, 2023 and 2022

The accumulated postemployment benefit obligation recognized in the consolidated balance sheets at June 30, 2023 and 2022 is as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Accrued postemployment liability	\$ 445,889	429,557
Unrecognized net gain	<u>(67,807)</u>	<u>(30,803)</u>
Accumulated postemployment benefit obligation	<u>\$ 378,082</u>	<u>398,754</u>

Changes in the accumulated postemployment plan benefit obligation and funding status for 2023 and 2022 are as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Benefit obligation at beginning of year	\$ 398,754	490,013
Service cost	10,228	14,338
Interest cost	17,828	13,293
Actuarial gain	(37,920)	(108,630)
Disbursements	<u>(10,808)</u>	<u>(10,260)</u>
Benefit obligation at end of year	<u>378,082</u>	<u>398,754</u>
Fair value of plan assets at beginning of year	—	—
Employer contributions	10,808	10,260
Benefits paid	<u>(10,808)</u>	<u>(10,260)</u>
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status at end of year – liability included in postemployment benefit obligations on the consolidated balance sheets	<u>\$ 378,082</u>	<u>398,754</u>

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The assumptions used to calculate the accumulated postemployment benefit obligation at June 30, 2023 and 2022 were as follows:

	2023	2022
Discount rate – Postemployment benefit obligation	5.23 %	4.91 %
Discount rate – Net periodic postemployment benefit costs	4.91	3.33
Healthcare cost trend rate – pre-65 claims:	7.25	7.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50	4.50
Year the rate reaches the ultimate trend rate	2033	2033
Healthcare cost trend rate – post-65 claims:	7.00	6.75
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50	4.50

The actuarial gains relate to changes in assumptions in discount rates, medical premium renewal, healthcare cost trends, and medical claims.

At June 30, 2023, the University's expected future benefit payments for future service are as follows (in thousands):

Year ending June 30:			
2024	\$	12,905	
2025		14,761	
2026		15,672	
2027		16,541	
2028		17,463	
2029 through 2033		99,484	

**(d) Participation in State Retirement Plans**

Salaried and hourly staff employees participate in the Delaware State Employees' Pension Plan (the State Plan), a cost sharing defined benefit plan. The State Plan (established in 1970) is one of nine plans encompassed within the Delaware Public Employees' Retirement System (<http://www.delawarepensions.com/FinancialReports/AnnualFinancialReports.shtml>). Under the state pension statute, a mandatory pretax contribution of 5% of salary (or 3% if pension creditable service began prior to January 1, 2012) in excess of \$6,000 per year plus 5% of salary in excess of the social security wage base is required by the employee (pension). In addition to these retirement benefits, salaried and hourly staff employees also receive postemployment healthcare benefits through the State Plan, which are funded by the State on a pay-as-you-go basis other postemployment benefits (OPEB).

The University is required to pay its share of the annual premium accrued in connection with the State Plan (inclusive of Pension and OPEB), which is based upon a percentage of covered payroll. The percentage of covered payroll was 22.62% and 23.80% in 2023 and 2022. Expense recognized for the State Plan was \$14,152,000 and \$13,369,000 in 2023 and 2022, respectively.

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The State Plan's financial statements and actuarial reports for June 30, 2022 (most recent available) indicate the following:

The University has 1,136 active participants in the State Plan. The State Plan, in total, has 74,807 participants, 38,449 of which are active participants.

The University's contribution to the State Plan in fiscal year June 30, 2022 of \$7,201,000 was approximately 2.5% of the \$287,124,000 total annual required plan employer contributions to the State Plan.

As of June 30, 2022, the State Plan had an 87.6% funded ratio of the actuarial accrued liability.

The funding objective of the State Plan is to establish contribution rates that, over time, will remain level as a percent of payroll. The contribution rate was developed to provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus level percent of payroll amortizations of each layer of the unfunded liability over a specified period. The participant organizations to the State Plan have consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

As disclosed in the State of Delaware's Other Postemployment Benefits (OPEB) Fund Trust Schedules of Employer Allocations and OPEB Amounts by the Employer Report for the year ended June 30, 2022 (most recent available), the State had a net liability of \$8.5 billion. The University's contribution to the OPEB Fund in fiscal year June 30, 2022, of \$6,081,000 was approximately 2.2% of the \$273,280,000 total annual required employer contributions to the plan.

#### **(e) *Participation in Other State Benefits***

The University maintains health insurance benefits for its employee base through the State of Delaware. Premiums are established annually by the State based upon employee elections for coverages. The University remits premiums monthly to the State. Depending on the plan selected by the employee, premiums are funded 86.75% to 96.00% by the University and 4.00% to 13.25% by employee contributions. Medical insurance expense for 2023 and 2022 was \$68,940,000 and \$62,811,000, respectively.

**UNIVERSITY OF DELAWARE**  
Notes to Consolidated Financial Statements  
June 30, 2023 and 2022

**(14) Net Assets**

The University's net assets as of June 30, 2023 and 2022 includes (in thousands):

	<u>2023</u>	<u>2022</u>
Without donor restrictions:		
Undesignated	\$ 371,969	411,132
Board designated endowment	440,629	435,126
Commitments for postemployment obligations	(447,680)	(474,677)
Commitments for interest rate swap agreements	(5,840)	(11,889)
Net investment in plant	<u>1,232,015</u>	<u>1,189,717</u>
Total net assets without donor restrictions	<u>\$ 1,591,093</u>	<u>1,549,409</u>
With donor restrictions:		
Contributions receivable:		
For operations, primarily instruction	\$ 4,310	5,263
For buildings	8,173	11,477
For endowment	<u>5,404</u>	<u>7,562</u>
Total contributions receivable	<u>17,887</u>	<u>24,302</u>
Amounts received subject to expenditures for specified purposes:		
Student aid and instruction	20,898	23,148
Research and other	19,381	17,958
Capital additions	<u>60,299</u>	<u>24,548</u>
Total expendable subject to purpose restrictions	<u>100,578</u>	<u>65,654</u>
Endowment earnings subject to future appropriations:		
General institutional support	568,996	561,122
Student aid	112,428	109,164
Instruction	172,014	167,574
Research and other	<u>25,279</u>	<u>24,506</u>
	<u>878,717</u>	<u>862,366</u>
Perpetual endowment funds – original gift corpus:		
General institutional support	71,641	71,637
Student aid and instruction	310,832	296,297
Research and other	<u>37,335</u>	<u>36,769</u>
	419,808	404,703

**UNIVERSITY OF DELAWARE**  
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	<b>2023</b>	<b>2022</b>
Other funds	\$ 2,649	2,544
Funds held in trust by others, primarily for general institutional support	80,629	78,982
Total net assets with donor restrictions	\$ 1,500,268	1,438,551

*Net Assets Released from Donor Restrictions*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2023 and 2022 as follows (in thousands):

	<b>2023</b>	<b>2022</b>
Purpose restrictions accomplished – operating:		
Instruction and operations	\$ 7,385	8,983
Scholarships	3,481	3,489
Student services	1,289	281
Academic support	910	1,581
Other	4,938	2,746
Total purpose restrictions accomplished – operating	\$ 18,003	17,080
Purpose restrictions accomplished – non-operating:		
Capital asset additions	\$ 24,868	26,879

**(15) Endowment**

As of June 30, 2023, the University endowment consists of approximately 1,400 individual funds established for a variety of purposes. The endowment funds are subdivided into appropriate net asset classifications. The donor restricted endowment funds represent gifts with a stipulation by the donor that the principal not be expended. Board-designated endowment funds with and without donor restrictions represent funds where there is no requirement to maintain the principal.

**(a) Interpretation of Relevant Law**

Based upon its interpretation of the provisions of the State's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the University classifies all donor restricted endowment funds as donor restricted net assets. At the time of appropriation by the University, and provided there are no additional purpose restrictions in place, with donor restricted net assets will be reclassified to without donor restricted net assets. The University considers donor restricted net assets at historical cost value of the original donor restricted endowment to be permanent.

## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(b) Return Objectives and Risk Parameters**

The University has adopted investment and spending policies for endowment funds that attempt to provide in perpetuity financial support of the University's educational goals. Toward that end, the University's Board of Trustees, Investment Visiting Committee, and administration have a shared mission to maximize the endowment fund's total return consistent with the University's prudent investment risk constraints. Endowment funds include those assets of donor restricted funds that the University must hold in perpetuity or for a donor specified period as well as board-designated funds. Under this policy approved by the Board of Trustees, the endowment funds are invested in a manner that is intended to achieve an average annual real return of at least 5% over time while assuming an acceptable level of investment risk. Actual returns in any year may vary from that amount. To monitor the effectiveness of the investment strategy of endowment funds, performance goals are established and monitored related to benchmark indices and returns earned by comparable endowment funds.

#### **(c) Investment Strategy**

To satisfy its long-term rate of return objectives, the University employs a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The University's investment policy includes a target asset allocation, well-diversified among suitable asset classes that is expected to generate, on average, the level of expected return necessary to meet endowment objectives while assuming a level of risk (volatility) consistent with achieving that return.

#### **(d) Spending Policy**

In accordance with the State's enacted version of UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the University and the donor restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the University, and (7) the investment policies of the University.

The University endowment spending policy guidelines target an annual distribution in the range of 4.0% to 5.0% of the endowment pooled portfolio average market value over the 12 trailing quarters through December 31 of the year prior to the new fiscal year. The actual rate is set annually by the Board of Trustees and was 4.00% at June 30, 2023 and 2022.

In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at a rate in excess of inflation. This is consistent with the University's objective to maintain the purchasing power of the endowment funds held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### **(e) Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the original gift amount maintained as net assets with donor restrictions. Deficiencies of this nature were approximately \$234,000 and \$475,000 as of June 30, 2023 and June 30, 2022, respectively. These deficiencies resulted from unfavorable market fluctuations.

**UNIVERSITY OF DELAWARE**  
Notes to Consolidated Financial Statements  
June 30, 2023 and 2022

**(f) Net Asset Classification of Endowment Funds**

Endowment net assets by type of fund consist of the following as of June 30, 2023 and 2022 (in thousands):

	<b>2023</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted	\$ —	1,295,230	1,295,230
Board designated	440,629	3,295	443,924
	<u>\$ 440,629</u>	<u>1,298,525</u>	<u>1,739,154</u>

  

	<b>2022</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted	\$ —	1,263,822	1,263,822
Board designated	435,126	3,247	438,373
	<u>\$ 435,126</u>	<u>1,267,069</u>	<u>1,702,195</u>

Board-designated with donor restrictions net assets represent the income on restricted gifts to the University that the Board of Trustees has designated as endowment, but which cannot reasonably be expended within a year. As of June 30, 2023, the amount of with donor restrictions net assets, which may be used for purposes of the University as determined by the Board of Trustees, was \$550,460,000. Additionally, \$324,962,000 as of June 30, 2023, is determined to be with purpose restrictions as set forth by the donors.

Changes in endowment net assets for the years ended June 30, 2023 and 2022 (in thousands) are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2021	\$ 479,597	1,384,537	1,864,134
Investment return:			
Investment income, net	4,386	12,810	17,196
Net depreciation – realized and unrealized	<u>(34,648)</u>	<u>(101,680)</u>	<u>(136,328)</u>
Total investment return	(30,262)	(88,870)	(119,132)

**UNIVERSITY OF DELAWARE**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions	\$ 165	12,285	12,450
Endowment spending distribution	(14,603)	(42,123)	(56,726)
Other changes, including life income fund and other transfers	<u>229</u>	<u>1,240</u>	<u>1,469</u>
Endowment net assets, June 30, 2022	<u>435,126</u>	<u>1,267,069</u>	<u>1,702,195</u>
Investment return:			
Investment income, net	4,786	14,117	18,903
Net appreciation – realized and unrealized	<u>16,633</u>	<u>48,859</u>	<u>65,492</u>
Total investment return	21,419	62,976	84,395
Contributions	34	12,800	12,834
Endowment spending distribution	(16,001)	(46,597)	(62,598)
Other changes, including life income fund and other transfers	<u>51</u>	<u>2,277</u>	<u>2,328</u>
Endowment net assets, June 30, 2023	\$ <u>440,629</u>	<u>1,298,525</u>	<u>1,739,154</u>

**(16) Scholarship Allowance**

The University provides financial assistance to eligible students to partially offset the direct costs of tuition, on campus housing, and meal contracts. These scholarship allowances are presented as a reduction of tuition and fees.

The table below identifies this financial assistance by source and by student classification for the years ended June 30, 2023 and 2022 (in thousands):

	<u>2023</u>			<u>2022</u>		
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Tuition:						
Unrestricted	\$ 144,680	33,610	178,290	129,437	33,162	162,599
Federal grants	1,073	3,093	4,166	1,338	2,669	4,007
State grants	17,922	771	18,693	15,335	830	16,165
Private gifts	4,220	1,580	5,800	4,258	1,294	5,552
Endow ment	<u>5,018</u>	<u>347</u>	<u>5,365</u>	<u>5,414</u>	<u>221</u>	<u>5,635</u>
Total	172,913	39,401	212,314	155,782	38,176	193,958
Student aid expenses	<u>4,146</u>	<u>3,905</u>	<u>8,051</u>	<u>19,552</u>	<u>4,726</u>	<u>24,278</u>
Total	\$ <u>177,059</u>	<u>43,306</u>	<u>220,365</u>	<u>175,334</u>	<u>42,902</u>	<u>218,236</u>



## UNIVERSITY OF DELAWARE

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(17) Related Party Transactions**

Per University policy, each member of the Board of Trustees and senior administration completes a conflict of interest policy disclosure statement on an annual basis and at such other times as a potential conflict of interest may arise. This policy requires, among other things, that senior administrators act in a manner consistent with their fiduciary duty and responsibilities to the University. Senior administrators and Trustees are to recuse themselves from participation in any University decision in which, by any reasonable standard, institutional or other connections could influence his or her independent judgement. Disclosure is required in writing of any association, relationship, business arrangement, or circumstance that might suggest to disinterested and objective observers that decisions were made contrary to the best interests of the University and for personal gain or the gain of family, affiliates, or non-University business associates at the expense of the University.

The University may, from time to time, do business with companies that may be associated, either directly or indirectly, with members of the University's Board of Trustees or senior administrators. Although not material, the University believes that these transactions are executed on terms comparable to those available from unrelated parties and are in the best interest of the University.

#### **(18) Contingencies**

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's consolidated balance sheets, statements of activities or cash flows.

The University receives significant financial assistance from the federal government including the sponsorship of federal research projects. Research grants and contracts normally provide for the recovery of direct and indirect costs, based on predetermined rates negotiated with the federal government. Indirect cost recovery rates from nonfederal sources may vary. Entitlement to these resources for the recovery of the applicable direct and related indirect costs is generally conditioned upon compliance with the terms and conditions of the grant or contract agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants and contracts, and the University's indirect cost rate, are subject to financial and compliance reviews and audits by the grantors.

#### **(19) Subsequent Events**

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the consolidated balance sheet date of June 30, 2023 through November 15, 2023, which was the date the consolidated financial statements were issued and determined no adjustments or disclosures were required.

**UNIVERSITY OF DELAWARE**  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
<b>Research and Development Cluster:</b>				
<b>United States Department of Agriculture Programs:</b>				
Direct:				
Agricultural Research Basic and Applied Research	10.001		\$ —	486,262
Plant and Animal Disease, Pest Control, and Animal Care	10.025		6,802	319,622
Cooperative Forestry Research	10.202		—	67,452
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		—	1,737,933
Animal Health and Disease Research	10.207		—	25,348
Biotechnology Risk Assessment Research	10.219		—	151,865
Agriculture and Rural Economic Research, Cooperative Agreements and Collaborations	10.250		27,285	97,273
Agriculture and Food Research Initiative (AFRI)	10.310		308,232	1,772,985
Renewable Resources Extension Act and National Focus Fund Projects	10.515		—	14,749
Equipment Grants Program (EGP)	10.519		—	500,000
Urban and Community Forestry Program	10.675		—	113,221
International Forestry Programs	10.684		—	104,969
Research Joint Venture and Cost Reimbursable Agreements	10.707		—	112,796
Subtotal: United States Department of Agriculture Programs – Direct			<u>342,319</u>	<u>5,504,475</u>
Pass-through:				
Purdue University	10.001	F9002701002007	—	84,378
Subtotal for ALN 10.001			—	84,378
Oregon Department of Agriculture	10.025	ODA-4363-IS	—	32,000
Subtotal for ALN 10.025			—	32,000
Delaware Department of Agriculture	10.170	21SCBGPDE1065	—	25,430
Delaware Department of Agriculture	10.170	SCBGP-FB-21-06	—	30,324
Delaware Department of Agriculture	10.170	SCBGP-FB-22-08	—	3,761
Delaware Department of Agriculture	10.170	SCBGP-FB-22-03	—	9,027
Delaware Department of Agriculture	10.170	SCBGP-FB-22-01	—	49
Delaware Department of Agriculture	10.170	SCBGP-FB-21	—	9,063
Delaware Department of Agriculture	10.170	SCBGP-FB-20-03	—	28,055
Delaware Department of Agriculture	10.170	AM2001100XXXXG035	—	6,989
Delaware Department of Agriculture	10.170	23A01010	—	7,679
Delaware Department of Agriculture	10.170	AM180100XXXXG043	—	23,699
Subtotal for ALN 10.170			—	144,076
University of Maryland Eastern Shore	10.200	IR4SZ4327370vangesselDEL	—	11,111
Subtotal for ALN 10.200			—	11,111
University of Vermont	10.215	GNE19-219-33243	—	3,693
University of Vermont	10.215	GNE19-210-33243	—	3,813
University of Maryland	10.215	88804-Q3173202	—	12,728
Subtotal for ALN 10.215			—	20,234
Michigan State University	10.304	RC112910J	—	708
Subtotal for ALN 10.304			—	708
University of California-Davis	10.309	A23-1476-S003	—	14,319
University of Florida	10.309	SUB00002389	—	30,172
Pennsylvania State University	10.309	S000322-USDA	—	46,620
Subtotal for ALN 10.309			—	91,111
Stroud Water Research Center	10.310	320106-55900	—	70,922
Virginia Tech	10.310	545991-19650	—	32,349
California State University – Institute	10.310	A21-0011-S001	—	97,597
North Carolina State University	10.310	2019-1507-27	—	92,378
University of Maryland	10.310	65255-25062203	—	30,556
University of Connecticut	10.310	418949	—	36,676
University of California-Davis	10.310	A21-Q253-S002	—	76,384
Delaware State University	10.310	21-714-HEH	—	20,279
Subtotal for ALN 10.310			—	457,141
Arkansas State University	10.326	20-082-20	—	24,980
Subtotal for ALN 10.326			—	24,980
Pennsylvania State University	10.329	S002668-USDA	—	10,350
Virginia Polytechnic Institute	10.329	423616-19650	—	1,065
Subtotal for ALN 10.329			—	11,415
University of Maryland	10.912	95758-Z51188201	—	156,008
Subtotal for ALN 10.912			—	156,008
Subtotal: United States Department of Agriculture Programs – Pass-through			—	1,033,162
Total: United States Department of Agriculture Programs			<u>342,319</u>	<u>6,537,637</u>
<b>Department of Commerce Programs:</b>				
Direct:				
Integrated Ocean Observing System (IOOS)	11.012		3,303,850	4,662,591
Sea Grant Support	11.417		131,071	1,746,504
Coastal Zone Management Estuarine Research Reserves	11.420		—	62,530
Special Oceanic and Atmospheric Projects	11.460		78,208	78,208
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		99,044	380,213
Measurement and Engineering Research and Standards	11.609		—	2,609,275
Arrangements for Interdisciplinary Research Infrastructure	11.619		3,384,133	11,560,062
COVID-19 – Arrangements for Interdisciplinary Research Infrastructure	11.619		10,870,210	24,087,853
Marine Debris Program	11.999		—	147,294
Subtotal: Department of Commerce Programs – Direct			<u>17,866,516</u>	<u>45,334,530</u>
Pass-through:				
University of California-San Diego	11.011	703624	—	3,881
Subtotal for ALN 11.011			—	3,881

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Rutgers, State University of New Jersey	11.012	1427	\$ —	(99)
Rutgers, State University of New Jersey	11.012	6165	—	(129)
Virginia Institute of Marine Science	11.012	723846-712683	24,489	30,594
Subtotal for ALN 11.012			24,489	30,366
University of Mississippi	11.417	21-01-022	12,627	16,163
University of Rhode Island	11.417	00009737/752022	—	8,885
Subtotal for ALN 11.417			12,627	25,048
University of Michigan	11.419	21A00823	—	167,131
Subtotal for ALN 11.419			—	167,131
University of Michigan	11.432	22A01383	—	49,417
Subtotal for ALN 11.432			—	49,417
Northeast States Emergency Consortium	11.467	NA21NWS4670007-SUD	—	74,720
Northeast States Emergency Consortium	11.467	NA22NWS4670017-SUD	—	39,714
Subtotal for ALN 11.467			—	114,434
Delaware State University	11.472	23-961HEH	—	6,169
Delaware Department of Natural Resources	11.472	22A00553	—	1,407
University of Maryland Center for Environmental Science	11.472	SA074323130 PO121584	—	14,427
Subtotal for ALN 11.472			—	22,003
STF Technologies, LLC	11.620	21A01799	—	35,000
Subtotal for ALN 11.620			—	35,000
Subtotal: Department of Commerce Programs – Pass-through			37,116	447,280
Total: Department of Commerce Programs			17,903,632	45,781,810
<b>Department of Defense Programs:</b>				
<b>Direct:</b>				
Department of Defense Programs	12.000		228,908	1,120,691
Basic and Applied Scientific Research	12.300		532,873	4,180,529
Military Medical Research and Development	12.420		228,279	1,190,819
Basic Scientific Research	12.431		881,858	4,238,502
Basic, Applied, and Advanced Research in Science and Engineering	12.630		316,861	2,838,682
Air Force Defense Research Sciences Program	12.800		683,400	2,639,257
CyberSecurity Core Curriculum	12.905		—	21,724
Research and Technology Development	12.910		—	807,810
Subtotal: Department of Defense Programs – Direct			2,872,179	17,038,014
<b>Pass-through:</b>				
SRC, Inc.	12.000	SCRA01901	—	229,832
The Johns Hopkins University	12.000	181004	—	40,971
Phase Sensitive Innovations, Inc.	12.000	21A00790	—	127,058
Oregon Health & Science University	12.000	1016202_DELAWARE	—	27,704
Phase Sensitive Innovations, Inc.	12.000	22A00972	—	49,185
Composites Automation LLC	12.000	2021-0013 UD-CCM	—	163,153
Chip Design Systems	12.000	C02021-01	—	32,898
Phase Sensitive Innovations, Inc.	12.000	20A01959	—	87,577
Subtotal for ALN 12.000			—	758,378
University of Iowa	12.114	17A00197	—	9,350
Subtotal for ALN 12.114			—	9,350
Delaware State University	12.300	21-111-HEH	—	59,033
Washington University, St Louis	12.300	WU-22-0372/PO # ST0000671	—	19,493
University of California-San Diego	12.300	KR 704612	—	149,957
Subtotal for ALN 12.300			—	228,483
NextFlex	12.330	50010.000.00-07	73,437	102,886
Subtotal for ALN 12.330			73,437	102,886
University of Iowa	12.420	S00429-01	—	3,212
University of Iowa	12.420	S00522-01	—	13,072
Subtotal for ALN 12.420			—	16,284
University of Kentucky	12.431	22A00387	—	80,747
Clemson University	12.431	2309-203-2013716	—	125,874
University of Maryland-College Park	12.431	109359-Z8468202	—	150,232
University of Pittsburgh	12.431	AWD00006832 (419818-2)	—	231,216
University of Pittsburgh	12.431	AWD00004570 (418049-1)	—	950,082
Subtotal for ALN 12.431			—	1,538,151
Johns Hopkins University	12.630	2001518468 CLIN 26	—	3,389
Research Foundation of CUNY	12.630	CM00005101-00	—	9,290
University of South Alabama	12.630	A20-0011-S001	—	67,288
University of Massachusetts	12.630	S5131000046072A	—	59,917
Subtotal for ALN 12.630			—	139,884
Henry M. Jackson Foundation	12.740	65544	—	144,440
Henry M. Jackson Foundation	12.740	6061 (65544)	—	2,790
University of California-San Diego	12.740	704417	—	513,968
Subtotal for ALN 12.740			—	661,198
Henry M. Jackson Foundation	12.750	5287	—	45,735
Subtotal for ALN 12.750			—	45,735

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University of Texas at Austin	12.800	UTA16-001296	\$ —	8,901
NextFlex	12.800	22A00103	124,203	193,790
Arizona State University	12.800	ASUB00000463	—	317,529
University of California-San Diego	12.800	104170068	—	190,212
Rutgers, State University of New Jersey	12.800	SUB00002854	—	8,669
Rutgers, State University of New Jersey	12.800	1316	—	84,413
Subtotal for ALN 12.800			<u>124,203</u>	<u>803,514</u>
University of Florida, Gainesville	12.910	SUB00003620	—	243,895
Iowa State University	12.910	022714B	—	331,297
Donald Danforth Plant Science Center	12.910	23107-DE	—	11,283
Subtotal for ALN 12.910			<u>—</u>	<u>586,475</u>
Subtotal: Department of Defense Programs – Pass-through			<u>197,640</u>	<u>4,890,338</u>
Total: Department of Defense Programs			<u>3,069,819</u>	<u>21,928,352</u>
Department of Interior Programs:				
Direct:				
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423		—	71,110
Marine Minerals Activities	15.424		—	120,588
Coastal	15.630		—	27,250
Migratory Bird Monitoring, Assessment and Conservation	15.655		82,449	398,364
Assistance to State Water Resources Research Institutes	15.805		—	236,728
U.S. Geological Survey Research and Data Collection	15.808		—	85,521
National Center for Preservation Technology and Training	15.923		—	460
Cooperative Research and Training Programs – Resources of the National Park System	15.945		—	380,584
Subtotal: Department of Interior Programs – Direct			<u>82,449</u>	<u>1,320,605</u>
Pass-through:				
Delaware State University	15.670	23-951HEH	—	11,516
Delaware State University	15.670	23-957HEH	—	20,665
National Fish & Wildlife Foundation	15.670	0403.22.075156	—	41,378
Subtotal for ALN 15.670			<u>—</u>	<u>73,559</u>
Subtotal: Department of Interior Programs – Pass-through			<u>—</u>	<u>73,559</u>
Total: Department of Interior Programs			<u>82,449</u>	<u>1,394,164</u>
Department of Justice Programs:				
Direct:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		—	(3,869)
Subtotal: Department of Justice Programs – Direct			<u>—</u>	<u>(3,869)</u>
Pass-through:				
New Castle County Police	16.745	20A00910	—	26,782
Subtotal for ALN 16.745			<u>—</u>	<u>26,782</u>
New Castle County Police	16.838	20A00908	—	17,176
Subtotal for ALN 16.838			<u>—</u>	<u>17,176</u>
Subtotal: Department of Justice Programs – Pass-through			<u>—</u>	<u>43,958</u>
Total: Department of Justice Programs			<u>—</u>	<u>40,089</u>
Department of State Programs:				
Pass-through:				
American Councils for International Education	19.900	23A00838	—	799
Subtotal for ALN 19.900			<u>—</u>	<u>799</u>
Subtotal: Department of State Programs – Pass-through			<u>—</u>	<u>799</u>
Total: Department of State Programs			<u>—</u>	<u>799</u>
Department of Transportation Programs:				
Direct:				
Consolidated Rail Infrastructure and Safety Improvements	20.325		—	143,275
Subtotal: Department of Transportation Programs – Direct			<u>—</u>	<u>143,275</u>
Pass-through:				
Delaware Department of Transportation	20.000	2020P2	—	39,811
Rutgers, State University of New Jersey	20.000	0446	—	14,407
Delaware Department of Transportation	20.200	2020P1	—	37,312
Delaware Department of Transportation	20.200	Task 103-1929	—	175,000
Delaware Department of Transportation	20.200	Task 33-1929	—	70,536
Delaware Department of Transportation	20.200	Task 28-1891	—	2,921
Delaware Department of Transportation	20.200	Task 27-1891	—	3,280
Delaware Department of Transportation	20.200	Task 135-1929F	—	11,210
Delaware Department of Transportation	20.200	Task 114-1929F	—	117,810
Delaware Department of Transportation	20.200	Task 104-1929	—	287,496
Delaware Department of Transportation	20.200	Task 100-1929	—	111,208
Delaware Department of Transportation	20.200	2020P8	—	23,572
Delaware Department of Transportation	20.200	2020P7	—	69,144
Delaware Department of Transportation	20.200	1921P1-Task 1	—	4,738
Delaware Department of Transportation	20.200	2020P4	—	53,716
Delaware Department of Transportation	20.200	2020P5	—	5,028
Delaware Department of Transportation	20.200	1921P5-Task 1	—	4,222
Delaware Department of Transportation	20.200	Task 102-1929	—	67,008
Subtotal for ALN 20.200			<u>—</u>	<u>1,098,419</u>
Delaware Department of Transportation	20.205	Task 60-1929	—	109,820
Subtotal for ALN 20.205			<u>—</u>	<u>109,820</u>
Delaware Department of Transportation	20.515	Task 109-1929	—	100,000
Delaware Department of Transportation	20.515	Task 73-1929	—	(64)
Subtotal for ALN 20.515			<u>—</u>	<u>99,936</u>

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Delaware Department of Transportation	20.530	TASK 91-1929	\$ —	13,080
Subtotal for ALN 20.530			—	13,080
Pennsylvania State University	20.701	5903-UD-DOT-7103	—	521,924
University of Nevada-Las Vegas	20.701	17-22GL-01	—	223,852
Subtotal for ALN 20.701			—	745,776
Subtotal: Department of Transportation Programs – Pass-through			—	2,067,031
Total: Department of Transportation Programs			—	2,210,306
<b>National Aeronautics and Space Administration Programs:</b>				
Direct:				
Science	43.001		289,663	2,500,005
Aeronautics	43.002		210,187	1,257,594
Office of Stem Engagement (OSTEM)	43.008		127,293	708,738
Space Technology	43.012		—	241,976
Subtotal: National Aeronautics and Space Administration Programs – Direct			627,143	4,708,313
Pass-through:				
Phase Sensitive Innovations, Inc.	43.000	20220802	—	45,985
Space Telescope Science Institute	43.000	STScI 52891	—	33,000
TalosTech LLC	43.000	22A00634	—	63,391
Princeton University	43.000	SUB0000317	—	6,537
Princeton University	43.000	SUB0000165	—	64,930
Composites Automation LLC	43.000	2022-0118 UD-CCM	—	72,185
STF Technologies, LLC	43.000	22A01047	—	41,947
Subtotal for ALN 43.000			—	327,975
Washington University, St Louis	43.001	WU-19-50	—	10,555
New Mexico Consortium	43.001	655-001	—	69,276
University of Montana	43.001	PG22-26988-01	—	14,816
University of Maryland	43.001	98016-26338201	—	18,668
The University of Chicago	43.001	AWD101921 (SUB0000464)	—	360,573
University of South Florida	43.001	2500-1884-00-A	—	31,965
Southwest Research Institute	43.001	N99054DS	—	38,596
Smithsonian Astrophysical Observatory	43.001	AR2-23015B	—	19,933
Princeton University	43.001	SUB0000517	—	97,960
New York University	43.001	F2053-01	—	23,874
Woods Hole Oceanographic Institute	43.001	22A00228	—	962
Oregon State University	43.001	NS309A-A	—	34,498
Subtotal for ALN 43.001			—	721,676
Purdue University	43.007	12000309-018	—	38,608
Subtotal for ALN 43.007			—	38,608
Subtotal: National Aeronautics and Space Administration Programs – Pass-through			—	1,088,259
Total: National Aeronautics and Space Administration Programs			627,143	5,796,572
<b>National Science Foundation Programs:</b>				
Direct:				
National Science Foundation Programs	47.000		—	204,081
Engineering	47.041		500,395	7,328,506
Mathematical and Physical Sciences	47.049		158,761	9,649,037
Geosciences	47.050		224,656	6,370,469
Computer and Information Science and Engineering	47.070		227,338	2,211,103
Biological Sciences	47.074		—	2,724,064
Social, Behavioral, and Economic Sciences	47.075		136,478	400,632
STEM Education (formerly Education and Human Resources)	47.076		410,487	4,420,716
Polar Programs	47.078		53,922	234,911
Office of International Science and Engineering	47.079		661,800	914,527
Office of Cyberinfrastructure	47.080		—	(6,085)
Trans-NSF Recovery Act Research Support	47.082		—	(13,483)
Integrative Activities	47.083		1,228,452	6,473,857
NSF Technology, Innovation, and Partnerships	47.084		237	101,767
Subtotal: National Science Foundation Programs – Direct			3,602,526	41,014,102
Pass-through:				
University of Arizona	47.041	573543	—	58,976
University of California-Berkeley	47.041	2131111	—	2,360
University of Michigan	47.041	SUBK000153000	—	98,401
Johns Hopkins University	47.041	2005432336	—	57,993
University of Colorado	47.041	22A01578	—	35,824
Johns Hopkins University	47.041	2005948958	—	948
Johns Hopkins University	47.041	2005849010	—	23,134
Clemson University	47.041	1961-206-2012124	—	(11,409)
Johns Hopkins University	47.041	2005928267	—	3,308
Arizona State University	47.041	19A00100	—	160
Princeton University	47.041	SUB0000549	—	372,586
Subtotal for ALN 47.041			—	642,281
University of Colorado	47.049	1559525	—	137,210
University of Pittsburgh	47.049	0056149 (12006-1)A	—	514
University of Wisconsin	47.049	19A00687	—	253,462
Delaware State University	47.049	23-134HEH	—	7,937
Association of Universities for Research in Astronomy	47.049	22A01507	—	59,149
University of Wisconsin-Madison	47.049	2392	—	5,856
Subtotal for ALN 47.049			—	464,128

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University of Georgia	47.050	SU80001905	\$ —	41,029
Consortium of Universities for the Advancement of Hydrologic Science, Inc	47.050	23A01314	—	2,828
Columbia University	47.050	1(GG013157-01)	—	8,847
University of Wisconsin	47.050	0000001308	—	128,459
Woods Hole Oceanographic Institute	47.050	A101425	—	13,001
Oregon State University	47.050	S1963A-A	—	60,303
Columbia University	47.050	107B(GG009393-04)	—	3,539
Subtotal for ALN 47.050			—	258,006
Yale University	47.070	GR1096877(CON-80002379)	—	43,370
Wayne State University	47.070	WSUZ3026	—	106,138
The Ohio State University	47.070	SPC-1000005606/GR124840	—	109,522
Delaware State University	47.070	23-300HEH	—	25,933
Brookhaven National Laboratories	47.070	404100	—	193,957
Computing Research Association	47.070	CNS2123180-CRA-Delaware	—	13,279
Computing Research Association	47.070	CSGrad4US2-Delaware	—	39,142
Oak Ridge National Laboratory	47.070	4000154744	—	87,926
Drexel University	47.070	210063	—	62,920
Subtotal for ALN 47.070			—	682,187
Donald Danforth Plant Science Center	47.074	23908-D	—	58,222
Cold Spring Harbor Laboratory	47.074	52650112	—	3,559
University of Idaho	47.074	AW5809-826663	—	32,399
Purdue University	47.074	10001936-014	—	84,842
Subtotal for ALN 47.074			—	179,022
Harvard University	47.075	23A00103	—	47,136
Subtotal for ALN 47.075			—	47,136
University of Virginia	47.076	GA11600.POH2389140	—	20,402
Drexel University	47.076	920085	—	23,814
University of California-Irvine	47.076	2022-1863	—	20,984
Boston University	47.076	21A01425	—	56,531
Boys Town	47.076	96443-B	—	70,418
North Carolina State University	47.076	2019-0347-01	—	40,599
Drexel University	47.076	920179	—	35,472
Subtotal for ALN 47.076			—	268,220
Rutgers, State University of New Jersey	47.078	20A01333	—	151,200
Rutgers, State University of New Jersey	47.078	22A01156	—	5,487
Subtotal for ALN 47.078			—	156,687
University of Kansas	47.083	FY2022-038	—	521,842
University of New Mexico	47.083	433754-8715	—	315,380
Louisiana State University	47.083	PO-000181868	—	397,910
South Dakota School of Mines & Technology	47.083	SDSMT-UD 21-09	—	363,529
Subtotal for ALN 47.083			—	1,598,661
Subtotal: National Science Foundation Programs – Pass-through			—	4,296,328
Total: National Science Foundation Programs			3,602,526	45,310,430
<b>Veterans Administration Programs:</b>				
<b>Direct:</b>				
Veterans Administration Programs	64.000		—	30,455
Subtotal: Veterans Administration Programs – Direct			—	30,455
Total: Veterans Administration Programs			—	30,455
<b>Environmental Protection Agency Programs:</b>				
<b>Direct:</b>				
Regional Wetland Program Development Grants	66.461		—	62,546
Subtotal: Environmental Protection Agency Programs – Direct			—	62,546
<b>Pass-through:</b>				
Delaware Department of Natural Resources	66.454	23A01012	—	24,157
Subtotal for ALN 66.454			—	24,157
Center for Watershed Protection	66.466	0606.22.074143	—	121
Subtotal for ALN 66.466			—	121
Subtotal: Environmental Protection Agency Programs – Pass-through			—	24,278
Total: Environmental Protection Agency Programs			—	86,824
<b>Department of Energy Programs:</b>				
<b>Direct:</b>				
Office of Science Financial Assistance Program	81.049		1,990,593	7,553,788
Conservation Research and Development	81.086		255,640	1,146,422
Renewable Energy Research and Development	81.087		593,654	1,471,239
Fossil Energy Research and Development	81.089		92,970	1,150,858
Advanced Research Projects Agency – Energy	81.135		490,547	2,047,143
Subtotal: Department of Energy Programs – Direct			3,423,404	13,369,450
<b>Pass-through:</b>				
Lawrence Berkeley National Laboratory	81.000	FP00012272	—	91
Sandia National Labs	81.000	2329400	—	3,624
National Renewable Energy Laboratory	81.000	SUB-2021-10487	—	12,905
National Renewable Energy Laboratory	81.000	DE-AC36-08GQ28308	—	36,128
Lawrence Livermore National Laboratory	81.000	B657098	—	126,252
Argonne National Lab	81.000	2F-60181	—	89,002
Argonne National Lab	81.000	1F-60336	—	103,657
Subtotal for ALN 81.000			—	371,659

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Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
RiKarbon, Inc.	81.049	21A00571	\$ —	166,631
University of Virginia	81.049	AWD-004093.GR100823	—	72,724
University of California-Santa Barbara	81.049	KK1970	—	18,960
University of Arkansas	81.049	UA2023-350	—	60,774
STF Technologies, LLC	81.049	23A00424	—	657
STF Technologies, LLC	81.049	20A00919	—	19,324
Michigan State University	81.049	RC114586	—	19,141
Virginia Polytechnic Institute	81.049	429443-19650	—	64,873
Energy 18H LLC	81.049	22A00258	—	(9,670)
Northeastern University	81.049	21A01782	—	296,528
California State University – Institute	81.049	W1238_AZ2-0013-S003	—	2,605
Composites Automation LLC	81.049	2020-1085 UID-CCM	—	123,219
Colorado State University	81.049	G-70365-02	—	22,535
STF Technologies, LLC	81.049	20A00609	—	104,705
Subtotal for ALN 81.049			—	963,006
Clemson University	81.086	1852-219-2021156	—	52,771
Subtotal for ALN 81.086			—	52,771
American Institute of Chemical Engineers	81.087	DE-EE0007888-7.6	—	7,539
American Institute of Chemical Engineers	81.087	DE-EE0007888-6.5	—	(2,268)
American Institute of Chemical Engineers	81.087	DE-EE0007888-08-1A	—	(2,728)
American Institute of Chemical Engineers	81.087	DE-EE0007888-9.5	—	9,930
Rutgers, State University of New Jersey	81.087	1767	—	30,429
Electrical Distribution Design	81.087	8768-006	—	30,486
Electric Power Research Institute	81.087	100139355	—	60,620
Electrical Distribution Design	81.087	8768-005	—	22,381
American Institute of Chemical Engineers	81.087	DE-EE0007888-8.3	—	(65,513)
Subtotal for ALN 81.087			—	91,076
University of Maryland, Baltimore	81.089	88901-Z7092201	—	226,273
Subtotal for ALN 81.089			—	226,273
University of Rochester	81.112	SUB00000056	—	136,895
Subtotal for ALN 81.112			—	136,895
Subtotal: Department of Energy Programs – Pass-through			—	1,841,680
Total: Department of Energy Programs			3,423,404	15,211,130
Department of Education Programs:				
Direct:				
Department of Education Programs	84.000		—	137,352
Education Research, Development and Dissemination	84.305		195,585	1,129,553
Research in Special Education	84.324		1,710	797,344
Subtotal: Department of Education Programs – Direct			197,295	2,064,249
Pass-through:				
Abt Associates	84.000	50902	—	38,941
Subtotal for ALN 84.000			—	38,941
Duke University	84.305	343-000044	—	62,789
Tulane University	84.305	TUL-SCC-561123-22/23	—	5,438
Temple University	84.305	263672-UoD	—	32,635
Educational Testing Service	84.305	19A00111	—	148,579
Duke University	84.305	343-0810	—	106,805
University of California-Irvine	84.305	2021-1527	—	23,244
Vanderbilt University	84.305	OSA00000204	—	27,109
Subtotal for ALN 84.305			—	406,599
Duquesne University	84.324	G1500085	—	34
Subtotal for ALN 84.324			—	34
Subtotal: Department of Education Programs – Pass-through			—	445,574
Total: Department of Education Programs			197,295	2,509,823
Department of Health & Human Services Programs:				
Direct:				
Innovations in Applied Public Health Research	93.061		—	172,412
Food and Drug Administration Research	93.103		241,781	761,452
Maternal and Child Health Federal Consolidated Programs	93.110		24,615	482,358
Oral Diseases and Disorders Research	93.121		—	743,038
Research Related to Deafness and Communication Disorders	93.173		678,767	2,317,427
Research and Training in Complementary and Integrative Health	93.213		—	111,448
Mental Health Research Grants	93.242		225,842	3,009,872
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		—	4,752
Drug Abuse and Addiction Research Programs	93.279		—	462,104
National Institutes of Health Extramural Loan Repayment Program	93.280		—	572,644
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		275,667	572,421
Trans-NIH Research Support	93.310		—	247,526
Nursing Research	93.361		325,485	715,911
National Center for Research Resources	93.389		—	532
Cancer Cause and Prevention Research	93.393		298,876	582,972
Cancer Treatment Research	93.395		—	444,602
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		297,265	447,198
ACL Assistive Technology	93.464		—	353,131
COVID-19 – ACL Assistive Technology	93.464		—	25,990
Congressional Directives	93.493		—	709,940
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.532		—	644,214
COVID-19 – University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		—	6,573
Cardiovascular Diseases Research	93.837		46,228	2,397,233
Lung Diseases Research	93.838		—	358,911
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		120,528	1,686,193
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		41,388	307,187

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Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		\$ 206,994	885,643
Allergy and Infectious Diseases Research	93.855		—	186,648
Biomedical Research and Research Training	93.859		5,367,043	22,633,455
Child Health and Human Development Extramural Research	93.865		55,929	2,210,929
Aging Research	93.866		169,764	1,829,976
Vision Research	93.867		60,266	2,429,131
Autism Collaboration, Accountability, Research, Education, and Support	93.877		—	60,001
Medical Library Assistance	93.879		71,191	156,719
Subtotal: Department of Health & Human Services Programs – Direct			8,507,629	48,530,543
Pass-through:				
Leidos Biomedical Research, Inc.	93.000	21X178F	—	47,868
Rutgers, State University of New Jersey	93.000	1718	—	157,697
Delaware Department of Health & Social Service	93.000	23A00554	—	267,324
Subtotal for ALN 93.000			—	472,889
Education Health & Research International	93.048	21A00607	—	33,998
Subtotal for ALN 93.048			—	33,998
Delaware Department of Agriculture	93.103	21A01775	—	1,567
Delaware Department of Agriculture	93.103	22A01413	—	35,624
Subtotal for ALN 93.103			—	37,191
Texas A & M University	93.143	M2000977	—	28,398
Wayne State University	93.143	WSU23011	—	10,024
Subtotal for ALN 93.143			—	38,422
European Molecular Biology Laboratory	93.172	PIRDJ-4468-01	—	393,470
Subtotal for ALN 93.172			—	393,470
University of Washington	93.173	UWSC12818	—	10,311
Temple University	93.173	263001-UD	—	(34)
Carnegie-Mellon University	93.173	1090585-445492	—	25,604
Northeastern University	93.173	500775-78050	—	1,433
Subtotal for ALN 93.173			—	37,314
University of Alabama at Birmingham	93.213	000533020-SC002	—	13,257
Subtotal for ALN 93.213			—	13,257
Stony Brook University	93.242	84780/2/1154076	—	63,956
Case Western Reserve University	93.242	19A01632	—	142,810
University of California-San Francisco	93.242	13320sc	—	45,072
Yale University	93.242	CON-80004102 (GR118130)	—	18,101
University of Illinois at Chicago	93.242	17208	—	(2)
Subtotal for ALN 93.242			—	269,937
Pennsylvania State University	93.243	S003677-SAMHSA	—	39,462
Delaware Department of Health & Social Service	93.243	22-292	—	23,609
Delaware Department of Health & Social Service	93.243	Award 23-259	—	45,481
Subtotal for ALN 93.243			—	108,552
University of Arizona	93.279	582784	—	81,621
Subtotal for ALN 93.279			—	81,621
University of California-Davis	93.285	18A01576	—	272,961
Subtotal for ALN 93.285			—	272,961
Temple University	93.307	261331-Delaware B	—	122,941
Subtotal for ALN 93.307			—	122,941
Northwestern University	93.310	60054546 UD	—	91,022
Marquette University	93.310	2220-0002-01-01	—	47,881
COVID-19 – NYU Grossman School of Medicine	93.310	21-A0-S2-1001476	—	6,619
University of Georgia	93.310	SUB00002057	—	14,635
Subtotal for ALN 93.310			—	160,157
The Rockefeller University	93.350	22A00829	—	7,796
Subtotal for ALN 93.350			—	7,796
Virginia Commonwealth University	93.361	FP00015556_SA002	—	12,288
University of Maryland	93.361	17A00874	—	22,841
Subtotal for ALN 93.361			—	35,129
University of Pennsylvania	93.396	584984	—	55,930
Nemours/A. I. duPont Hospital for Children	93.396	NEM0028413	—	64,051
University of Virginia	93.396	GB10749.P0#2235323	—	73,538
Subtotal for ALN 93.396			—	193,519
Fox Chase Cancer Center	93.398	21A00951	—	5,802
Subtotal for ALN 93.398			—	5,802
Association of University Centers on Disabilities	93.421	07-8814-22	—	48,742
Association of University Centers on Disabilities	93.421	18A00945	—	2,000
Subtotal for ALN 93.421			—	50,742
TransCen, Inc.	93.433	90DPAD0008	—	7,736
Subtotal for ALN 93.433			—	7,736
COVID-19 – DE Developmental Disabilities Council	93.630	DD-2202	—	47,243
Subtotal for ALN 93.630			—	47,243



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Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Delaware Department of Health & Social Service	93.788	35-06-23-090	\$ —	1,320,249
Delaware Department of Health & Social Service	93.788	FY21-AMBASSADOR-UD	—	918,825
Subtotal for ALN 93.788			—	2,239,074
Nemours/A. I. duPont Hospital for Children	93.837	22A00016	—	93,411
Subtotal for ALN 93.837			—	93,411
Childrens Hospital of Philadelphia	93.838	22A00919	—	36,994
University of Texas at Dallas	93.838	1806479	—	67,968
Subtotal for ALN 93.838			—	104,962
Pennsylvania State University	93.846	S001800-DHHS	—	18,961
Boston University	93.846	4500003239	—	169,544
Villanova University	93.846	530134Delaware	—	23,335
Indiana University	93.846	IN4679861UDb	—	3,840
University of Pennsylvania	93.846	1R01AR-071718-01A1	—	19,043
University of Pennsylvania	93.846	581539	—	24,883
University of Pennsylvania	93.846	581971	—	93,693
Neuromuscular Dynamics	93.846	20A01424	—	283
University of Pennsylvania	93.846	586202	—	25,975
Subtotal for ALN 93.846			—	379,557
University of Pennsylvania	93.847	574745	—	(2)
Cincinnati Children's Hospital Medical Center	93.847	315780	—	25,780
Subtotal for ALN 93.847			—	25,778
Washington University, St Louis	93.853	WU-22-0209	—	3,455
Washington University, St Louis	93.853	WU-23-0082	—	120,578
Washington University, St Louis	93.853	WU-22-0135	—	11,516
University of Michigan	93.853	SUBK00016521	—	115,961
Washington University, St Louis	93.853	WU-21-991 PO # 2940390K	—	(179)
Washington University, St Louis	93.853	WU-23-0121	—	48,513
Subtotal for ALN 93.853			—	299,844
Boston Children's Hospital	93.855	GENFD0001923439	—	3,457
Vanderbilt University	93.855	VUMC93855	—	65,196
University of Maryland Baltimore County	93.855	3002087-4442	—	741,701
University of Massachusetts	93.855	21-016332	—	39,631
University of Pittsburgh	93.855	AWD00005998 (138059-3)	—	137,950
University of Pittsburgh	93.855	22A00293	—	547,061
Subtotal for ALN 93.855			—	1,534,996
Delaware State University	93.859	23-135HEH	—	11,398
University of Wyoming	93.859	1004774-JD	—	59,818
Delaware State University	93.859	21A01622	—	187,644
University of Texas at San Antonio	93.859	164960164956	—	13,644
University of Pittsburgh	93.859	CNVA00056812 (133186-4)	—	1,394
University of Connecticut	93.859	369814	—	64,073
Nemours/A. I. duPont Hosp for Children	93.859	1318142-0-RSUB	—	80,661
Delaware State University	93.859	22-35HEH	—	333,118
Subtotal for ALN 93.859			—	751,750
University of Cincinnati	93.865	011445-002	—	133,768
Washington University, St Louis	93.865	21A01793	—	53,336
Northwestern University	93.865	60047828 UD	—	5,558
University of Pittsburgh	93.865	22A00216	—	29,728
University of Pittsburgh	93.865	AWD00003872 (135957-1)	—	6,754
Washington University, St Louis	93.865	21A01797	—	22,956
Vanderbilt University	93.865	5R37HD095519-02	—	2,900
Nemours Biomedical Research	93.865	3012482005	—	11,817
Shepherd Center, Inc.	93.865	SHEP-23-0003	—	2,868
Subtotal for ALN 93.865			—	269,685
Banner Health	93.866	20A01676	—	53,888
Albert Einstein College of Medicine	93.866	31206J	—	43,814
Banner Health	93.866	20A00583	—	374,510
Northwestern University	93.866	60048330 UD	—	24,356
University of Colorado	93.866	1557625	—	59,114
New York University	93.866	23A00365	—	74,733
University of Pennsylvania	93.866	584893	—	32,147
University of Pennsylvania	93.866	580755	—	10,632
Northwestern University	93.866	60051680 UD	—	48,458
Subtotal for ALN 93.866			—	721,652
Kaiser Foundation Research Institute	93.867	RNG212001-01	—	94,290
Subtotal for ALN 93.867			—	94,290
Delaware Department of Health & Social Service	93.913	23-362	—	5,433
Subtotal for ALN 93.913			—	5,433
Delaware Department of Health & Social Service	93.958	35-06-23-071	—	187,091
State of Minnesota	93.958	173124	—	(4,264)
Subtotal for ALN 93.958			—	182,827
DE Department for Children Youth and Families	93.959	PBH(UD-SA-PREV)21-16284	—	78,639
Delaware Department of Health & Social Service	93.959	35-06-22-115	—	67,210
Subtotal for ALN 93.959			—	145,849
Subtotal: Department of Health & Human Services Programs – Pass-through			—	9,239,785
Total: Department of Health & Human Services Programs			8,507,629	57,770,328

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Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Department of Homeland Security Programs:				
Pass-through:				
Delaware Department of Natural Resources	97.041	22A00711	\$ —	90,001
Delaware Department of Natural Resources	97.041	23A00861	—	51,250
Subtotal for ALN 97.041			—	141,251
Subtotal: Department of Homeland Security Programs – Pass-through			—	141,251
Total: Department of Homeland Security Programs			—	141,251
Research and Development Cluster Total			37,756,216	204,749,970
Other Programs:				
United States Department of Agriculture Programs:				
Direct:				
Agricultural Research Basic and Applied Research	10.001		—	287,077
Plant and Animal Disease, Pest Control, and Animal Care	10.025		—	189,207
Crop Protection and Pest Management Competitive Grants Program	10.329		6,006	196,506
Cooperative Extension Service	10.500		673,265	1,160,519
Smith-Lever Funding (Various Programs)	10.511		—	893,446
Expanded Food and Nutrition Education Program	10.514		—	299,339
Renewable Resources Extension Act and National Focus Fund Projects	10.515		—	36,018
Agriculture Risk Management Education Partnerships Competitive Grants Program	10.520		480,323	496,541
Research Joint Venture and Cost Reimbursable Agreements	10.707		—	5,122
Soil Survey	10.903		—	267
Subtotal: United States Department of Agriculture Programs – Direct			1,159,594	3,564,042
Pass-through:				
Delaware Department of Agriculture	10.170	21SCBGPDE1055	—	30,596
Delaware Department of Agriculture	10.170	SCBGP-FB-21-07	—	16,858
Delaware Department of Agriculture	10.170	SCBGP-FB-19-01	—	3,227
Delaware Department of Agriculture	10.170	SCBGP-FB-19-02	—	5,139
Subtotal for ALN 10.170			—	55,820
New Castle County	10.175	23A01411	—	440
Subtotal for ALN 10.175			—	440
University of Vermont	10.215	SNE20-002-DE-34268	—	2,732
Subtotal for ALN 10.215			—	2,732
Delaware State University	10.216	21-716-HEH	—	17,082
Subtotal for ALN 10.216			—	17,082
eXtension Foundation	10.229	2021-2101	—	296,533
eXtension Foundation	10.229	EXC3-2022-2245	—	9,892
Subtotal for ALN 10.229			—	306,425
Cornell University	10.329	86935-11347	—	6,808
Subtotal for ALN 10.329			—	6,808
Kansas State University	10.500	A22-0394-S005	—	9,102
Kansas State University	10.500	A00-0983-S072	—	7,524
Subtotal for ALN 10.500			—	16,626
National Young Farmers Coalition	10.525	21A00553	—	53,384
Subtotal for ALN 10.525			—	53,384
Delaware Department of Health & Social Service	10.557	DSS 23-038	—	298,945
Delaware Department of Health & Social Service	10.557	DSS-22-046	197,429	430,632
Subtotal for ALN 10.557			197,429	729,577
Delaware Department of Education	10.558	23A00415	—	63,411
Delaware Department of Education	10.558	22A01315	—	19,424
Delaware Department of Education	10.558	22A00428	—	(8,737)
Subtotal for ALN 10.558			—	74,098
Subtotal: United States Department of Agriculture Programs – Pass-through			197,429	1,262,992
Total: United States Department of Agriculture Programs			1,357,023	4,827,034
Department of Commerce Programs:				
Direct:				
Broad Agency Announcement	11.015		—	3,000
Economic Development Technical Assistance	11.303		—	206,794
Sea Grant Support	11.417		—	179,593
Chesapeake Bay Studies	11.457		5,593	25,064
Congressionally Identified Awards and Projects	11.469		—	284,440
Subtotal: Department of Commerce Programs – Direct			5,593	698,891
Pass-through:				
Consortium for Ocean Leadership	11.008	22A00982	—	210
Subtotal for ALN 11.008			—	210
National Marine Sanctuary Foundation	11.011	22-01-B-416	—	19,492
Subtotal for ALN 11.011			—	19,492
Rutgers, State University of New Jersey	11.012	5930	—	9,695
Subtotal for ALN 11.012			—	9,695
University of Connecticut	11.417	150974673	—	5,000
Subtotal for ALN 11.417			—	5,000
Subtotal: Department of Commerce Programs – Pass-through			—	34,397
Total: Department of Commerce Programs			5,593	733,288

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<b>Department of Defense Programs:</b>				
Direct:				
Department of Defense Programs	12.000		\$ —	1,132
Procurement Technical Assistance For Business Firms	12.002		—	343,232
Basic and Applied Scientific Research	12.300		—	157,399
Subtotal: Department of Defense Programs – Direct			—	501,763
Pass-through:				
Delaware Department of Transportation	12.610	Task 85-1929	—	41,240
Subtotal for ALN 12.610			—	41,240
Subtotal: Department of Defense Programs – Pass-through			—	41,240
Total: Department of Defense Programs			—	543,003
<b>Department of Interior Programs:</b>				
Direct:				
Marine Minerals Activities	15.424		—	120,224
U.S. Geological Survey Research and Data Collection	15.808		—	45,802
National Cooperative Geologic Mapping	15.810		—	181,127
National Geological and Geophysical Data Preservation Program	15.814		—	92,032
Cultural Resources Management	15.946		—	23,964
National Ground-Water Monitoring Network	15.980		—	14,281
Subtotal: Department of Interior Programs – Direct			—	477,430
Pass-through:				
AmericaView	15.815	AV18-DE-01	—	33,699
Subtotal for ALN 15.815			—	33,699
DE Division Historical and Cultural Affairs	15.904	10-21-10011(3)	—	6,022
New Castle County	15.904	10-21-10011 (1)	—	18,152
Subtotal for ALN 15.904			—	24,174
Subtotal: Department of Interior Programs – Pass-through			—	57,873
Total: Department of Interior Programs			—	535,303
<b>Department of Justice Programs:</b>				
Pass-through:				
National 4-H Council	16.726	21A00414	—	31,334
National 4-H Council	16.726	22A00597	—	77,845
Subtotal for ALN 16.726			—	109,179
Criminal Justice Council	16.745	2022-MO-PASSTHRU-2928	—	31,328
Subtotal for ALN 16.745			—	31,328
Criminal Justice Council	16.812	2018-RE-P/T-2229 YR2	—	34,338
Subtotal for ALN 16.812			—	34,338
Subtotal: Department of Justice Programs – Pass-through			—	174,845
Total: Department of Justice Programs			—	174,845
<b>Department of Labor Programs:</b>				
Direct:				
Community Project Funding/Congressionally Directed Spending	17.289		—	277,257
Subtotal: Department of Labor Programs – Direct			—	277,257
Total: Department of Labor Programs			—	277,257
<b>Department of State Programs:</b>				
Pass-through:				
IREX	19.009	FY22-YALI-CE-UD-08	—	171,328
University of Kansas	19.009	22A01478	—	175,111
IREX	19.009	FY23-YALI	—	43,099
University of Kansas	19.009	21A01370	—	54,629
Subtotal for ALN 19.009			—	444,167
University of Montana	19.401	20A00845	—	65,916
University of Montana	19.401	PG22-26974-03	—	197,979
University of Montana	19.401	PG23-6B010-04	—	40,935
Subtotal for ALN 19.401			—	304,830
American Councils for International Education	19.415	S-ECAGD-22-CA-0039	—	90,946
American Councils for International Education	19.415	S-ECAGD-20-CA-0027	—	92,784
Subtotal for ALN 19.415			—	183,730
Georgetown University	19.600	UD-20220519	—	212,430
Georgetown University	19.600	23A00197	—	5,360
Subtotal for ALN 19.600			—	217,790
Subtotal: Department of State Programs – Pass-through			—	1,150,517
Total: Department of State Programs			—	1,150,517
<b>Department of Transportation Programs:</b>				
Pass-through:				
Delaware Department of Transportation	20.200	Task 101-1929	—	45,463
Delaware Department of Transportation	20.200	Task 110-1929	—	534,313
Delaware Department of Transportation	20.200	Task 79-1929	—	45,305
Subtotal for ALN 20.200			—	625,081

**UNIVERSITY OF DELAWARE**  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Delaware Department of Transportation	20.515	Task 107-1929	\$ —	149,040
Delaware Department of Transportation	20.515	Task 108-1929	—	147,172
Delaware Department of Transportation	20.515	Task 106-1929	—	100,960
Delaware Department of Transportation	20.515	Task 105-1929	—	112,447
Delaware Department of Transportation	20.515	Task 76-1929	—	1,600
Subtotal for ALN 20.515			—	511,219
Subtotal: Department of Transportation Programs – Pass-through			—	1,136,300
Total: Department of Transportation Programs			—	1,136,300
Department of the Treasury Programs:				
Pass-through:				
COVID-19 – DE Office of Management and Budget – Coronavirus State and Local Fiscal Recovery Funds	21.027	22A01137	—	34,930,908
COVID-19 – DE Office of Management and Budget – Coronavirus State and Local Fiscal Recovery Funds	21.027	23A00738	—	3,452
Subtotal for ALN 21.027			—	34,934,360
Subtotal: Department of the Treasury Programs – Pass-through			—	34,934,360
Total: Department of the Treasury Programs			—	34,934,360
Federal Communications Commission Programs:				
Direct:				
Federal Communications Commission Programs	32.000		—	29,547
Subtotal: Federal Communications Commission Programs – Direct			—	29,547
Total: Federal Communications Commission Programs			—	29,547
Library of Congress Programs:				
Direct:				
Teaching with Primary Sources	42.010		—	92,974
Subtotal: Library of Congress Programs – Direct			—	92,974
Total: Library of Congress Programs			—	92,974
National Aeronautics and Space Administration Programs:				
Direct:				
Office of Stem Engagement (OSTEM)	43.008		—	886,217
Mission Support	43.009		153,529	470,626
Subtotal: National Aeronautics and Space Administration Programs – Direct			153,529	1,356,843
Total: National Aeronautics and Space Administration Programs			153,529	1,356,843
National Endowment for the Humanities Programs:				
Direct:				
Promotion of the Humanities Division of Preservation and Access	45.149		—	82,913
Promotion of the Humanities Research	45.161		—	120,067
Subtotal: National Endowment for the Humanities Programs – Direct			—	202,980
Pass-through:				
Delaware Division of The Arts	45.025	2022 – 10434	—	38,715
Delaware Division of The Arts	45.025	22A00844	—	2,075
Delaware Division of The Arts	45.025	21A01326	—	5,000
Delaware Division of The Arts	45.025	2022 – 10463	—	1
Delaware Division of The Arts	45.025	2023-10926	—	42,500
Subtotal for ALN 45.025			—	88,291
Delaware Humanities Forum	45.129	19VIS2006	—	2,879
Delaware Humanities Forum	45.129	22OPP2002	—	5,000
Subtotal for ALN 45.129			—	7,879
Delaware Humanities Forum	45.164	22ARP1014	—	20,000
Delaware Humanities Forum	45.164	22ARP1017	—	17,282
Subtotal for ALN 45.164			—	37,282
Subtotal: National Endowment for the Humanities Programs – Pass-through			—	133,452
Total: National Endowment for the Humanities Programs			—	336,432
Small Business Administration Programs:				
Direct:				
Small Business Development Centers	59.037		—	959,330
COVID-19 – Small Business Development Centers	59.037		—	238,912
Subtotal for ALN 59.037			—	1,198,242
Federal and State Technology Partnership Program	59.058		—	150,403
Community Navigator Pilot Program	59.077		—	998,705
Subtotal: Small Business Administration Programs – Direct			—	2,347,350
Total: Small Business Administration Programs			—	2,347,350
Environmental Protection Agency Programs:				
Direct:				
Pollution Prevention Grants Program	66.708		42,026	143,050
Subtotal: Environmental Protection Agency Programs – Direct			42,026	143,050
Pass-through:				
Delaware Department of Natural Resources	66.472	22A00482	—	73,200
Subtotal for ALN 66.472			—	73,200
eXtension Foundation	66.716	SA-2022-02	—	12,364
Subtotal for ALN 66.716			—	12,364
Delaware Department of Natural Resources	66.964	22A01632	—	60,060
Delaware Department of Natural Resources	66.964	23A00561	—	73,448
Subtotal for ALN 66.964			—	133,508
Subtotal: Environmental Protection Agency Programs – Pass-through			—	219,072
Total: Environmental Protection Agency Programs			42,026	362,122

**UNIVERSITY OF DELAWARE**  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
<b>Department of Energy Programs:</b>				
Direct:				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		\$ —	215,230
Subtotal: Department of Energy Programs – Direct			—	215,230
Total: Department of Energy Programs			—	215,230
<b>Department of Education Programs:</b>				
Direct:				
Fund for the Improvement of Postsecondary Education	84.116		—	289,707
School Safety National Activities	84.184		—	4,168
Graduate Assistance in Areas of National Need	84.200		—	364,934
English Language Acquisition State Grants	84.365		—	321,793
Subtotal: Department of Education Programs – Direct			—	980,602
Pass-through:				
Capital School District	84.287	21A01173	—	(1,026)
Capital School District	84.287	23A00947	—	1,444
Colonial School District	84.287	23A00923	—	20,369
Colonial School District	84.287	22A01040	—	106,842
Colonial School District	84.287	21A01195	—	306
Capital School District	84.287	23A00948	—	533
Capital School District	84.287	22A01039	—	13,143
Capital School District	84.287	22A01038	—	12,749
Capital School District	84.287	22A01037	—	12,771
Capital School District	84.287	21A01175	—	17
Capital School District	84.287	21A01176	—	21
Subtotal for ALN 84.287			—	167,169
East Carolina University	84.325	AWD-20-0512-S007	—	111,926
Subtotal for ALN 84.325			—	111,926
Christina School District	84.367	23A00593	—	2,500
Subtotal for ALN 84.367			—	2,500
Subtotal: Department of Education Programs – Pass-through			—	281,595
Total: Department of Education Programs			—	1,262,197
<b>Corporation for National and Community Service Programs:</b>				
Pass-through:				
Public Allies	94.006	OP004-94.006-22-PADE	—	22,171
Public Allies	94.006	22A00691	—	511,632
Subtotal for ALN 94.006			—	533,803
Subtotal: Corporation for National and Community Service Programs – Pass-through			—	533,803
Total: Corporation for National and Community Service Programs			—	533,803
<b>Department of Homeland Security Programs:</b>				
Pass-through:				
Delaware Emergency Management Agency	97.042	EMPG-22-005	—	81,200
COVID-19 – Delaware Emergency Management Agency	97.042	EMPG-ARPA 21-005	—	65,926
Subtotal for ALN 97.042			—	147,126
Delaware Emergency Management Agency	97.067	20A01835	—	(372)
Delaware Emergency Management Agency	97.067	CCP20-001	—	6,354
Delaware Emergency Management Agency	97.067	CCP21-001	—	4,683
Subtotal for ALN 97.067			—	10,665
Subtotal: Department of Homeland Security Programs – Pass-through			—	157,791
Total: Department of Homeland Security Programs			—	157,791
Other Programs Total			1,558,171	51,006,196
<b>CCDF Cluster:</b>				
Department of Health & Human Services Programs:				
Direct:				
Child Care and Development Block Grant	93.575		—	57,103
Subtotal: Department of Health & Human Services Programs – Direct			—	57,103
Pass-through:				
Child Trends	93.575	17273.UD.01	—	16,000
University of Alabama at Tuscaloosa	93.575	A22-0556-S001	—	22,908
Subtotal for ALN 93.575			—	38,908
Subtotal: Department of Health & Human Services Programs – Pass-through			—	38,908
Total: Department of Health & Human Services Programs			—	96,011
CCDF Cluster Total			—	96,011
<b>Economic Development Cluster:</b>				
Department of Commerce Programs:				
Direct:				
COVID-19 – Economic Adjustment Assistance	11.307		—	324,425
Subtotal: Department of Commerce Programs – Direct			—	324,425
Pass-through:				
COVID-19 – Delaware State University	11.307	23-950HEH	—	302,513
Subtotal for ALN 11.307			—	302,513
Subtotal: Department of Commerce Programs – Pass-through			—	302,513
Total: Department of Commerce Programs			—	626,938
Economic Development Cluster Total			—	626,938

**UNIVERSITY OF DELAWARE**  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number (ALN)	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
<b>Federal Transit Cluster:</b>				
Department of Transportation Programs:				
Direct:				
Federal Transit Capital Investment Grants	20.500		\$ —	(4,533)
Subtotal: Department of Transportation Programs – Direct			—	(4,533)
Total: Department of Transportation Programs			—	(4,533)
Federal Transit Cluster Total			—	(4,533)
<b>Head Start Cluster:</b>				
Department of Health & Human Services Programs:				
Direct:				
Head Start	93.600		955,760	2,811,754
COVID-19 – Head Start	93.600		109,977	262,750
Subtotal: Department of Health & Human Services Programs – Direct			1,065,737	3,074,504
Total: Department of Health & Human Services Programs			1,065,737	3,074,504
Head Start Cluster Total			1,065,737	3,074,504
<b>Medicaid Cluster:</b>				
Department of Health & Human Services Programs:				
Pass-through:				
Delaware Department of Health & Social Service	93.778	22A00554	—	12,096
Delaware Department of Health & Social Service	93.778	23A00554	—	171,632
Subtotal for ALN 93.778			—	183,728
Subtotal: Department of Health & Human Services Programs – Pass-through			—	183,728
Total: Department of Health & Human Services Programs			—	183,728
Medicaid Cluster Total			—	183,728
<b>Student Financial Assistance Cluster:</b>				
Department of Education Programs:				
Direct:				
Federal Supplemental Educational Opportunity Grants	84.007		—	1,025,165
Federal Work-Study Program	84.033		—	694,271
Federal Perkins Loan Program	84.038		—	4,429,532
Federal Pell Grant Program	84.063		—	16,050,365
Federal Direct Student Loans	84.268		—	110,228,372
Subtotal: Department of Education Programs – Direct			—	132,427,705
Total: Department of Education Programs			—	132,427,705
Department of Health & Human Services Programs:				
Direct:				
Federal Nursing Student Loans	93.364		—	1,279,606
Subtotal: Department of Health & Human Services Programs – Direct			—	1,279,606
Total: Department of Health & Human Services Programs			—	1,279,606
Student Financial Assistance Cluster Total			—	133,707,311
<b>TRIO Cluster:</b>				
Department of Education Programs:				
Direct:				
TRIO Student Support Services	84.042		—	263,398
TRIO Upward Bound	84.047		—	509,668
TRIO McNair Post-Baccalaureate Achievement	84.217		—	167,365
Subtotal: Department of Education Programs – Direct			—	940,431
Total: Department of Education Programs			—	940,431
TRIO Cluster Total			—	940,431
Grand Total			\$ 40,380,124	394,380,556

See accompanying independent auditor's report.

**UNIVERSITY OF DELAWARE**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes all grants, contracts, and similar agreements entered into directly between the University of Delaware and its subsidiaries (the University) and agencies and departments of the federal government and all sub awards to the University by other organizations pursuant to federal grants, contracts, and similar agreements. The information in the Schedule is prepared on the accrual basis of accounting. The federal award information is presented in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, certain amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

**(2) Summary of Significant Accounting Policies**

Expenditures for student financial aid programs are recognized as incurred and include the federal share of students' Federal Supplemental Educational Opportunity Grants program and Federal Work-Study program earnings, Pell grants, loan disbursements, and administrative cost allowances under the Perkins and direct loan programs, where applicable.

Expenditures for other federal awards are determined using the cost accounting principles set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*, and the uniform administrative requirements as set forth in OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, or the administrative and cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. Under these cost principles and administrative requirements, certain expenditures are not allowable or are limited as to expenditures include facilities and administrative costs, related primarily to facilities operation and maintenance and general, divisional, and departmental administrative services, which are allocated as a percentage of direct cost based on negotiated rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2023 were based on predetermined fixed rates negotiated with the University's cognizant federal agency, Department of Health and Human Services. The University has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**(3) Federal Student Financial Aid Loan Programs**

Loans made by the University to eligible students under federal student loan programs and loans issued to students of the University by the U.S. Department of Education during the year ended June 30, 2023, are summarized as follows:

Federal Perkins Loan Program (Included within ALN 84.038)	\$	—
Federal Nursing Student Loans (Included within ALN 93.364)		<u>317,460</u>
	\$	<u>317,460</u>
Federal Direct Student Loans (ALN 84.268)	\$	110,228,372

## UNIVERSITY OF DELAWARE

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

The Federal Perkins and Nursing Student Loan programs are administered directly by the University, and balances and transactions relating to these programs are included in the University's consolidated financial statements. The amounts included on the Schedule under the Federal Perkins and Nursing Student Loan programs include the balance of the respective loan program as of July 1, 2022 of \$4,429,532 and \$962,146, respectively, and new loans issued during fiscal year 2023. As of June 30, 2023, loans receivable for Federal Perkins and Nursing Student Loan programs amount to \$3,657,059 and \$1,082,619, respectively.

The University is responsible only for the performance of certain administrative duties with respect to the Direct Loans, and accordingly, these loans are not included in its consolidated financial statements and it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs. The amounts included on the Schedule for Direct Loans include all direct loans made to students during fiscal year 2023.





KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

The Board of Trustees  
University of Delaware:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of University of Delaware and its subsidiaries (the University), which comprise the University's consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Philadelphia, Pennsylvania  
November 15, 2023



KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

**Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Trustees  
University of Delaware:

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited University of Delaware and its subsidiaries (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.



### *Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.



## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2023, and have issued our report thereon dated November 15, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

Philadelphia, Pennsylvania  
February 27, 2024

**UNIVERSITY OF DELAWARE**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

**(1) Summary of Auditors' Results**

- (a) The type of report issued on whether the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
  - Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- (c) Noncompliance material to the consolidated financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by audit:
  - Material weaknesses: **No**
  - Significant deficiencies: **2023-001**
- (e) The type of report issued on compliance for its major program:
  - Research and Development Cluster: **Unmodified**
  - Coronavirus State and Local Fiscal Recovery Funds: **Unmodified**
  - Head Start Cluster: **Unmodified**
- (f) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **2023-001**
- (g) Major program:
  - Research and Development Cluster: **Various**
  - Coronavirus State and Local Fiscal Recovery Funds: **21.027**
  - Head Start Cluster: **93.600**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

**(2) Findings Related to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards**

None

**UNIVERSITY OF DELAWARE**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

**(3) Findings and Questioned Costs Related to Federal Awards**

**Finding 2023-001: Procurement: Suspension and Debarment**

*Federal Program*

Research and Development Cluster (R&D) (AL No.: Various)

*Federal Agency*

National Institute of Standards and Technology

*Federal Award Number*

Award numbers: 70NANB21H085, 70NANB21H086, 70NANB17H002

*Federal Award Year*

July 1, 2022 through June 30, 2023

*Criteria or Requirement*

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Covered transactions include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain others criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at SAM.gov | Home (click on Search Record, then click on Advanced Search-Exclusions) (Note: The OMB guidance at 2 CFR Part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Per 2 CFR Section 200.303, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

*Condition Found, including Perspective*

In our testing over suspension and debarment, we identified two covered transactions, both with the same vendor, in a sample of 40 procurement transactions for which the University was unable to provide supporting documentation that they verified the vendor was not suspended or debarred prior to entering into the procurement transaction with the vendor. It was determined that the related vendor was not suspended or debarred.



**UNIVERSITY OF DELAWARE**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

*Possible Cause and Effect*

The University's internal control over compliance with federal procurement suspension and debarment was not operating consistently through fiscal year 2023, including obtaining and maintaining appropriate documentation.

Failure to implement sufficient internal controls to verify the University does not enter into covered transactions with parties that are suspended or debarred in accordance with federal regulations increases the risk of noncompliance.

*Questioned Costs*

No questioned costs were identified.

*Statistical Validity*

The sample was not intended to be, and was not, a statistically valid sample.

*Repeat Finding in the Prior Year*

Yes

*Recommendation*

We recommend the University enhance its internal control over compliance with the federal regulations related to suspension and debarment to ensure covered transactions are not entered into with parties that have been suspended or debarred.

*Views of Responsible Officials*

The University agrees with the finding. The University has taken additional measures to ensure a clause with suspension and debarment language is included within the contracts of all new covered transactions entered into on or after July 1, 2023. The finding relates to a legacy contract and has prompted a review of open purchase orders to address suspension and debarment requirements.

Additionally, the University will begin utilizing a third-party verification software to screen existing and potential vendors against the System for Award Management (SAM.gov) Exclusions list daily, with an expected implementation by June 30, 2024.